

CIMAREX ENERGY CO  
Form DEF 14A  
March 31, 2016  
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 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.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
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(4) Date Filed:

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Table of Contents

1700 Lincoln Street, Suite 3700

Denver, CO 80203-4537

## **NOTICE OF 2016 ANNUAL MEETING OF SHAREHOLDERS**

|                                     |   |
|-------------------------------------|---|
| <b>TIME AND DATE</b>                | 9:00 a.m. Central Daylight Time on Thursday, May 12, 2016   |
| <b>PLACE</b>                        | Hyatt Regency Tulsa<br>100 East Second Street<br>Tulsa, Oklahoma 74103  |
| <b>ITEMS OF BUSINESS</b>            | Item 1. Election of Directors<br>Item 2. Advisory Vote to Approve Executive Compensation<br>Item 3. Ratification of Independent Auditors<br>Transact any other business that properly comes before the Meeting and any adjournment or postponement of the Meeting |
| <b>RECORD DATE</b>                  | March 16, 2016  |
| <b>MAILING DATE TO SHAREHOLDERS</b> | March 31, 2016  |
| <b>MATERIALS TO REVIEW</b>          | This booklet contains our Notice of 2016 Annual Meeting and Proxy Statement. Our 2015 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 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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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>   | 8               |
| <u>Questions and Answers</u>   | 9               |
| <u>Election of Directors (Item 1)</u>                                      | 13              |
| <u>Election Process</u>  | 13              |
| <u>Director Nominations</u>  | 14              |
| <u>Director Qualifications</u>   | 14              |
| <u>2016 Nominees for Class I Director and Class II Directors</u>           | 14              |
| <u>Continuing Directors</u>  | 16              |
| <u>Director Compensation</u>   | 18              |
| <u>Corporate Governance</u>  | 20              |
| <u>Board and Committee Information</u>                                     | 21              |
| <u>Our Board</u>   | 21              |
| <u>Board Leadership Structure</u>  | 21              |
| <u>Board Committees</u>  | 22              |
| <u>Director Independence and Related Person Transactions</u>               | 23              |
| <u>Risk Oversight</u>  | 24              |
| <u>Executive Sessions</u>  | 25              |
| <u>Shareholder Engagement</u>  | 25              |
| <u>Stock Ownership Directors, Management and Certain Beneficial Owners</u> | 26              |
| <u>Compensation Discussion and Analysis</u>                                | 28              |
| <u>Compensation and Governance Committee Report</u>                        | 46              |
| <u>Compensation Tables</u>   | 47              |
| <u>Summary Compensation Table</u>  | 47              |
| <u>2015 Grants of Plan-Based Awards</u>                                    | 49              |
| <u>Outstanding Equity Awards at December 31, 2015</u>                      | 50              |
| <u>2015 Option Exercises and Restricted Stock Vested</u>                   | 51              |
| <u>2015 Nonqualified Deferred Compensation</u>                             | 51              |
| <u>Potential Payments Upon Change in Control or Termination</u>            | 52              |
| <u>Severance Arrangements for Former CFO</u>                               | 56              |
| <u>Director and Officer Indemnification Agreements</u>                     | 56              |
| <u>Advisory Vote to Approve Executive Compensation (Item 2)</u>            | 56              |
| <u>Report of Audit Committee</u>   | 57              |
| <u>Ratification of Independent Auditors (Item 3)</u>                       | 58              |
| <u>Audit and Non-Audit Fees</u>  | 58              |
| <u>Policy for Approval of Audit, Audit-Related and Tax Services</u>        | 58              |
| <u>Other Matters</u>   | 59              |
| <u>Section 16(a) Beneficial Ownership Reporting Compliance</u>             | 59              |
| <u>Complaint and Reporting Procedures</u>                                  | 59              |

[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 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.<br>Retired Senior Attorney,<br>Lewis Roca Rothgerber LLP | Yes | X | X | 1 |
| L. Paul Teague      | 81 | 2002 | 2017 | Retired, former Vice President, Texaco USA   | Yes | X | X | 0 |

Table of Contents

**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.

| <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<br>Chairman, Chief Executive Officer and President (Principal Executive Officer)       | \$ 870,750    | \$           | \$ 6,424,530        | \$                   | \$ 435,375                             | \$ 59,481              | \$ 7,790,136 |
| G. Mark Burford<br>Vice President and Chief Financial Officer (Principal Financial Officer)             | \$ 342,279    | \$           | \$ 2,250,000        | \$                   | \$ 156,000                             | \$ 47,340              | \$ 2,795,619 |
| Joseph R. Albi<br>Executive Vice President Operations, Chief Operating Officer                          | \$ 561,600    | \$           | \$ 3,200,000        | \$                   | \$ 225,000                             | \$ 58,053              | \$ 4,044,653 |
| Stephen P. Bell<br>Executive Vice President Business Development  | \$ 467,625    | \$           | \$ 2,850,000        | \$                   | \$ 163,000                             | \$ 75,195              | \$ 3,555,820 |
| John A. Lambuth<br>Senior Vice President Exploration  | \$ 427,168    | \$           | \$ 3,050,000        | \$                   | \$ 156,000                             | \$ 51,803              | \$ 3,684,971 |
| Paul Korus<br>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.



Table of Contents

**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.

Table of Contents**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    | 12/31/2012    | 12/31/2013    | 12/31/2014    | 12/31/2015    |
|---|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Cimarex Energy Co.</b>                                 | <b>100.00</b> | <b>70.26</b>  | <b>66.01</b>  | <b>120.78</b> | <b>122.66</b> | <b>104.00</b> |
| <b>S&amp;P 500</b>  | <b>100.00</b> | <b>102.11</b> | <b>118.45</b> | <b>156.82</b> | <b>178.29</b> | <b>180.75</b> |
| <b>Dow Jones US Exploration &amp; Production</b>          | <b>100.00</b> | <b>95.81</b>  | <b>101.39</b> | <b>133.68</b> | <b>119.27</b> | <b>90.97</b>  |
| <b>S&amp;P Oil &amp; Gas Exploration &amp; Production</b> | <b>100.00</b> | <b>93.57</b>  | <b>96.98</b>  | <b>123.65</b> | <b>110.55</b> | <b>72.80</b>  |

The stock price performance included in this graph is not necessarily indicative of future stock price performance.





Table of Contents

## PROXY STATEMENT

We are furnishing you this proxy statement to solicit proxies to be voted at the 2016 Annual Meeting ( Meeting ) of Shareholders of Cimarex Energy Co. ( Cimarex or the Company ). The Meeting will take place on May 12, 2016 at 9:00 a.m. Central Daylight Time at the Hyatt Regency Tulsa, 100 East Second Street, Tulsa, Oklahoma 74103. 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 3700, Denver, Colorado 80203. We are first furnishing the proxy materials to shareholders on March 31, 2016.

All properly executed written proxies and proxies submitted by telephone or internet 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 16, 2016, 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 16, 2016, there were 94,816,993 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 12, 2016.**

The Notice of Annual Meeting, Proxy Statement and Annual Report on Form 10-K for the year ended December 31, 2015 are available at <http://www.allianceproxy.com/cimarex/2016>.

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 2016 Annual Meeting of Shareholders and at any adjournment or postponement of the Meeting. The Meeting will take place on May 12, 2016, 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 9, 2016.

#### 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 your voting instructions have been recorded properly.

Shareholders also may 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 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 2016 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 One Class I Director and Three Class II 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. 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.

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**Non-Discretionary Items.** The election of Directors and the advisory vote to approve executive compensation 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 One Class I Director and Three Class II Directors.** If you abstain from voting in the election of Directors, you will be treated as not having 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 are not considered in the calculation of a majority of shares present and entitled to vote.

**Item 3. 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 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. Because Item 3 is a routine matter on which a broker has discretionary authority, no or few 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?

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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 March 31, 2016, 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/2016>.

### **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 after the Meeting.

**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 \$9,500 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, as amended (the 1934 Act ), 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 promptly will 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 3700, Denver, Colorado 80203-4537, telephone (303) 295-3995 and facsimile (720) 403-9383.

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 ( 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 our Annual Report on Form 10- K to any shareholder. Direct such requests to our Corporate Secretary, Cimarex Energy Co., 1700 Lincoln Street, Suite 3700, Denver, Colorado 80203-4537, telephone (303) 295-3995 and facsimile (720) 403-9383.

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 3700, Denver, Colorado 80203-4537, telephone (303) 295-3995 or facsimile (720) 403-9383. 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.

**17. How do I submit a proposal for action at the 2017 Annual Meeting of Shareholders?**

A proposal to be acted upon at the 2017 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 2, 2016, 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 12, 2017 and no later than February 13, 2017, 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 Directors, 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 or her successor is elected and qualifies.

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The terms of the one Class I Director, Lisa A. Stewart, and the three Class II Directors, Hans Helmerich, Harold R. Logan, Jr. and Monroe W. Robertson, will expire at the 2016 Annual Meeting. The Nominating Committee, at its February 2016 meeting, nominated Ms. Stewart for election as a Class I Director, to serve until the 2018 Annual Meeting, and Messrs. Helmerich, Logan and Robertson for election as Class II Directors, to serve until the Annual Meeting of Shareholders to be held in 2019.

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 or her election exceed the votes cast against his or her election. Pursuant to our majority voting policy, each nominated Director has tendered an irrevocable resignation that is effective upon his or her 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 or her, 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 or her resignation. The Board publicly will disclose its decision regarding acceptance of his or her 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 or her successor is elected and qualified. If the Board accepts the resignation, then the Board will either fill the vacancy in accordance with the Bylaws or 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 a third-party firm. During 2015, the Nominating Committee engaged Preng & Associates, a search firm with expertise with oil and gas exploration and production companies, to assist in identifying director candidates. Preng & Associates identified several director candidates, including Lisa A. Stewart, who was appointed as a Director in October 2015. In 2014, Preng & Associates also conducted an evaluation of the Board's and individual Director's skill sets.

While the Nominating Committee will consider nominees recommended by shareholders, it did not receive any shareholder nominations for the 2016 Annual Meeting prior to the deadline for such nominations. Shareholders who wish to nominate persons for election as Directors at the 2017 Annual Meeting must submit a timely written notice complying with Cimarex's Bylaws to the Corporate Secretary, Cimarex Energy Co., 1700 Lincoln Street, Suite 3700, Denver, Colorado 80203-4537, facsimile (720) 403-9383. To be timely, the shareholder's written notice must be received between January 12, 2017 and February 13, 2017. In addition, shareholder nominations must comply with the other requirements of Article III, Section 2 or Section 2A, as applicable, of our Bylaws.

## **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 Nominating Committee determines are pertinent in light of the needs of the Board. The Nominating 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 ethnic background 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.

## **2016 Nominees for Class I Director and Class II Directors**

Upon the recommendation of the Nominating Committee, the Board has nominated Lisa A. Stewart for election as a Class I Director to serve until the 2018 Annual Meeting, and Hans Helmerich, Harold R. Logan, Jr. and Monroe W. Robertson for election as Class II Directors to serve until the Annual Meeting of Shareholders to be held in 2019. The Board has determined that the nominees are independent under the New York Stock Exchange (NYSE) corporate governance rules. 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 2016 Director nominees will contribute to an effective and well-functioning Board. The Board also believes that, individually and as a whole, the Director nominees 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.**

**HANS HELMERICH, 57**

**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 services for oil and gas exploration and production companies. H&P uses drilling rigs it designs and builds and is one of the major land and offshore platform drilling companies in the world.

Table of Contents

After joining H&P in 1981, Mr. Helmerich served as CEO from 1989 to March 2014 and as President from 1989 to March 2012. H&P's exploration and production business was merged into Cimarex in 2002.

Mr. Helmerich serves as a director of Atwood Oceanics, Inc., located in 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 provides him with additional experience and knowledge to serve as a Director.

**HAROLD R. LOGAN, JR., 71**

**Position, Principal Occupation and Business Experience**

Mr. Logan currently serves as Chairman of the Board of Supervisors of Suburban Propane Partners, L.P. and has served as a director of that company since 1996. In February 2015, he began serving as Lead Director of InfraREIT, Inc., a publicly held real estate investment trust that owns utility assets (electric transmission lines) in Texas. In addition, he has been a director of Graphic Packaging Holding Co. and predecessor companies since 2003. Mr. Logan also is a director of two private companies—Hart Energy Publishing (publisher of Oil and Gas Investor and other energy publications) and Basic Materials and Services LLC (a privately held company that invests in companies providing specialized services for the pipeline construction and sand/silica industries.)

Mr. Logan was a co-founder of TransMontaigne in Denver, Colorado in 1995 and Chief Financial Officer, Executive Vice President, and Treasurer, through 2002. He served as a director of TransMontaigne from 1995 to 2006 and chairman of its Finance Committee from 2002 to 2006. From 1987 to 1994, 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.

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

**Key Attributes, Experience and Skills**

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Mr. Logan has over 40 years of business experience. His education and his investment banking/venture capital and financial management experience provide 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 are of particular benefit in his role as Cimarex's Lead Director and as a member of Cimarex's Audit Committee.

### **MONROE W. ROBERTSON, 66**

#### **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 10 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, Inc.

Mr. Robertson was a director of Earthstone Energy, Inc. (formerly named Basic Earth Science System) from 2007 to 2014. During his service as a director of Earthstone, he was chair of the Audit Committee and a member of the Compensation and Nominating Committee.



Table of Contents

**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.

**LISA A. STEWART, 58**

**Position, Principal Occupation and Business Experience**

Ms. Stewart is Chairman and Chief Investment Officer of Sheridan Production Partners ( Sheridan ), a privately-owned oil and gas operating company she founded in 2007. From 2009 until its acquisition in May 2015, Ms. Stewart served as a director on the board of Talisman Energy, Inc., a Canadian oil and gas exploration and production company traded publicly on the NYSE and the Toronto Stock Exchange. Prior to 2007, Ms. Stewart served as Executive Vice President of El Paso Corporation and President of El Paso E&P from 2004 to 2006. From 1984 to 2004, Ms. Stewart served as Executive Vice President of Apache Corporation with responsibility in various departments of Apache, which included reservoir engineering, business development, land, environmental, health and safety and corporate purchasing.

**Key Attributes, Experience and Skills**

Ms. Stewart s over 30 years of experience in the oil and gas industry and extensive leadership roles are key attributes that make her well qualified to serve as a Cimarex Director.

**Continuing Directors Class I Term Expires 2018**

**JOSEPH R. ALBI, 57**

**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 35 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.

**MICHAEL J. SULLIVAN, 76**

**Position, Principal Occupation and Business Experience**

Mr. Sullivan retired in September 2015 from the Arizona-based law firm Lewis Roca Rothgerber LLP after serving as senior attorney, partner or special counsel since 2001, and the managing attorney of the firm's Casper office. Mr. Sullivan practiced law as a partner with Brown, Drew, Apostolos, Massey & Sullivan from 1964 to 1986 and from 1995 until 1998.

Mr. Sullivan is a director and member of the compensation and governance committees of First Interstate BancSystem, located in Billings, Montana, and had been a director and member of the compensation and governance and audit committees of Sletten Construction, Inc., located in Great Falls, Montana (a non-public company) until retiring from the board in June of 2015. From 2001 to 2009, he served as a director and was a member of the audit, corporate social responsibility, and governance committees of Allied Irish Bank Group, located in Dublin, Ireland. From 2003 to 2011, 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.

Table of Contents

**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 as the Ambassador to Ireland (1998-2001), and 40 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 directly relevant to 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 III    Term Expires 2017**

**DAVID A. HENTSCHEL, age 82**

**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 to 1993 and from 1997 until he retired in 1999. He also served as President and Chief Executive Officer of Canadian Occidental Petroleum, Ltd., now known as Nexen, from 1995 to 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.

Mr. Hentschel was a director of Occidental Petroleum from 1987 to 1993 and of Canadian Occidental or Nexen from 1985 to 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 to 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, 58**

**Position, Principal Occupation and Business Experience**

Mr. Jordan 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 after serving as Executive Vice President-Exploration from 2003 to 2011 and as Vice President-Exploration from 2002 to 2003. Mr. Jordan also serves on the Board of Trustees of the Colorado School of Mines and other private boards.

**Key Attributes, Experience and Skills**

Mr. Jordan 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. Jordan holds undergraduate and graduate degrees in geophysics. His service on the Board creates an important link between management and the Board.

**FLOYD R. PRICE, 67**

**Position, Principal Occupation and Business Experience**

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, Texas, is an oil and gas exploration and

## Table of Contents

production company with domestic and international operations. Mr. Price serves as Chairman of the Board and as a member of the audit, reserves and compensation/governance committees of Tamarack Valley Energy Ltd., Calgary, Alberta, Canada, a publicly held company traded on the Toronto Stock Exchange. Tamarack is involved in the identification, evaluation and operation of resource plays in the Western Canadian sedimentary basin. From June 2010 to January 2013, Mr. Price served as a director and Chairman of the Board of Gastar Exploration, Inc., a publicly held company located in Houston, Texas. Mr. Price also served on the compensation and governance, audit and reserves committees of the board at Gastar. 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.

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

Mr. Price has over 40 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 provides him with invaluable Board skills and experience. Mr. Price brings extensive oil and gas exploration, operations, management and financial experience to Cimarex's Compensation and Governance Committee.

### **L. PAUL TEAGUE, 81**

### **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 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.

## **DIRECTOR COMPENSATION**

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

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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 Compensation and Governance Committee uses its independent compensation consultant, Longnecker & Associates ( Longnecker ), to review Director compensation. The Compensation and Governance 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 the annual component of Director compensation occurs on June 1 of each year. Meeting fees are paid as earned.

Through May 14, 2015, compensation for non-employee Directors consisted of the following:

- Annual cash retainer of \$75,000;
- Annual equity retainer of \$180,000, comprised of restricted stock that vests in one-third increments on May 1 of each of the three years following the date of grant ;
- Committee Chairman fee of \$20,000;
- Lead Director (who also acts as Nominating Committee Chairman) fee of \$40,000;
- Board meeting attendance fee of \$1,800 per meeting; and

Table of Contents

- Committee meeting attendance fee of \$1,500 per meeting.

At the May 14, 2015 meeting, the vesting date for the Directors' equity grant on and after June 1, 2015 was changed from June 1 to May 1 to occur before the usual date for Annual Meetings of Shareholders so that Directors who did not continue past the Annual Meeting would receive partial vesting for the period prior to leaving the Board. Other than the change in the vesting date for the restricted stock award, non-employee Director compensation did not change.

**Independent Director 2015 Compensation**

| <b>NAME</b>          | <b>FEES PAID IN CASH(1)</b> | <b>STOCK AWARDS(2)</b> | <b>ALL OTHER COMPENSATION(3)</b> | <b>TOTAL</b> |
|----------------------|-----------------------------|------------------------|----------------------------------|--------------|
| Jerry Box(4)         | \$ 30,100                   | \$ 0                   | \$ 657.76                        | \$ 30,758    |
| Hans Helmerich       | \$ 91,500                   | \$ 180,000             | \$ 8,043.52                      | \$ 279,544   |
| David A. Hentschel   | \$ 93,000                   | \$ 180,000             | \$ 2,387.20                      | \$ 275,387   |
| Harold R. Logan, Jr. | \$ 137,800                  | \$ 180,000             | \$ 2,387.20                      | \$ 320,187   |
| Floyd R. Price       | \$ 97,500                   | \$ 180,000             | \$ 2,343.36                      | \$ 279,843   |
| Monroe W. Robertson  | \$ 117,500                  | \$ 180,000             | \$ 2,387.20                      | \$ 299,887   |
| Lisa A. Stewart(5)   | \$ 23,550                   | \$ 105,000             | \$ 142.24                        | \$ 128,692   |
| Michael J. Sullivan  | \$ 97,500                   | \$ 180,000             | \$ 2,387.20                      | \$ 279,887   |
| L. Paul Teague       | \$ 113,000                  | \$ 180,000             | \$ 2,387.20                      | \$ 295,387   |

(1) Represents fees earned for services as a Director during 2015, 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 market value of the 1,563 shares of restricted stock as of the June 1, 2015 grant date.

(3) Consists of dividends paid during 2015 on unvested restricted stock awards and dividend equivalents paid during 2015 on deferred compensation units that settle in shares of common stock.

(4) Mr. Box retired and his term as a Director of Cimarex expired after the May 2015 Annual Meeting of Shareholders.

(5) Ms. Stewart was appointed as a Director on October 30, 2015 and received a pro rata share of the annual cash and equity retainer fees for the year June 1, 2015 to May 31, 2016.

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The following table discloses as of December 31, 2015 the aggregate number of outstanding unvested stock awards and the market value of those awards. (Market value uses an \$89.65 share price, which is based on the average of the high and low trading prices on December 31, 2015.) 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.

| <u>Independent Director</u> | <u>Unvested Stock Awards</u> |    | <u>Market Value</u> |
|-----------------------------|------------------------------|----|---------------------|
| Hans Helmerich              | 3,349                        | \$ | 300,238             |
| David A. Hentschel          | 3,349                        | \$ | 300,238             |
| Harold R. Logan, Jr.        | 3,349                        | \$ | 300,238             |
| Floyd R. Price              | 3,349                        | \$ | 300,238             |
| Monroe W. Robertson         | 3,349                        | \$ | 300,238             |
| Lisa A. Stewart             | 889                          | \$ | 79,699              |
| Michael J. Sullivan         | 3,349                        | \$ | 300,238             |
| L. Paul Teague              | 3,349                        | \$ | 300,238             |

Our Corporate Governance Guidelines require that each independent Director own Cimarex stock in an amount equal to three times his or her annual cash retainer. A newly elected Director has three years from the date of his or her initial election to comply with the Corporate Governance 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.



Table of Contents**CORPORATE GOVERNANCE**

Cimarex's website ([www.cimarex.com](http://www.cimarex.com)) includes 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 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 3700, Denver, Colorado 80203.

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 resignation policy | 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 |
| Consultant review of Board skills                | Yes | Management and Director stock ownership guidelines | Yes |
| Annual equity grants to Directors                | Yes | Tax gross-ups                                      | No  |
| Annual Board education                           | Yes | Proxy Access                                       | Yes |

Interested parties may communicate with our Board by mail directed to our Corporate Secretary or by facsimile (720) 403-9383. All communications will be forwarded to the Lead Director for the Lead Director's review. The Lead Director may take any action the Lead Director 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.

Table of Contents**BOARD AND COMMITTEE INFORMATION****Our Board**

During 2015, 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 2015, each Director attended greater than 75% of the meetings of the Board and the Board Committees on which he or she served. All Board members are expected to attend the Annual Meeting. All except one of our Directors attended our 2015 Annual Meeting.

| <b>NAME</b>          | <b>AGE</b> | <b>DIRECTOR SINCE</b> | <b>POSITION</b>   | <b>INDEPENDENT</b> | <b>OTHER PUBLIC BOARDS</b> |
|----------------------|------------|-----------------------|---|--------------------|----------------------------|
| Joseph R. Albi       | 57         | 2011                  | Executive Vice President Operations, Chief Operating Officer, Cimarex       | No                 | 0                          |
| Hans Helmerich       | 57         | 2002                  | Chairman and former CEO, Helmerich & Payne, Inc.                            | Yes                | 3                          |
| David A. Hentschel   | 82         | 2002                  | Retired, Former Chairman, CEO Occidental Oil & Gas Corporation              | Yes                | 0                          |
| Thomas E. Jorden     | 58         | 2011                  | Chairman, CEO and President, Cimarex  | No                 | 0                          |
| Harold R. Logan, Jr. | 71         | 2009                  | Chairman, Suburban Propane Partners, L.P.                                   | Yes                | 3                          |
| Floyd R. Price       | 67         | 2012                  | Retired, Former Executive Vice President, Apache Corp.                      | Yes                | 1                          |
| Monroe W. Robertson  | 66         | 2005                  | Retired, Former President and Chief Operating Officer of Key Production Co. | Yes                | 0                          |
| Lisa A. Stewart      | 58         | 2015                  | Chairman and Chief Investment Officer of Sheridan Production Partners       | Yes                | 0                          |
| Michael J. Sullivan  | 76         | 2002                  | Retired Senior Attorney, Lewis Roca Rothgerber LLP                          | Yes                | 1                          |
| L. Paul Teague       | 81         | 2002                  | Retired, Former Regional Vice President, Texaco USA                         | Yes                | 0                          |

**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:

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**Duties and Responsibilities of Chairman of the Board**

**Duties and Responsibilities of Lead Director**

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 Directors and facilitate communication among full Board.

Table of Contents

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 Directors 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.

**Board Committees**

The table below provides 2015 membership and meeting information for each of the Board Committees:

| <b>NAME</b>               | <b>AUDIT</b> | <b>COMP/GOV</b> | <b>NOMINATING</b> |
|---------------------------|--------------|-----------------|-------------------|
| Hans Helmerich            |              | X               | X                 |
| David A. Hentschel        |              | X               | X                 |
| Harold R. Logan, Jr.      | X            |                 | X                 |
| Floyd R. Price*           |              | X               | X                 |
| Monroe W. Robertson       | X            |                 | X                 |
| Michael J. Sullivan       | X            |                 | X                 |
| Lisa A. Stewart           | X            |                 | X                 |
| L. Paul Teague            |              | X               | X                 |
| <b>2015 Meetings Held</b> | 8            | 6               | 4                 |

\* Mr. Price served on the Audit Committee from 2012 until October 2015 when he joined the Compensation and Corporate Governance Committee.

## Audit Committee

The Audit Committee is comprised entirely of independent Directors and is governed by a Board-approved Charter stating the Audit Committee's 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;
- Assists the Board in monitoring the performance of the internal audit function;
- Reviews qualifications and independence of auditors;
- Reviews and discusses with independent auditors (i) the auditors' responsibilities and management's responsibilities in the audit process, (ii) overall audit strategy, (iii) scope and timing of annual audit, and (iv) any significant risks identified during auditors' risk assessment procedures;

## Table of Contents

- Assists the Board in monitoring the integrity of financial statements;
- Monitors compliance with legal and regulatory requirements;
- Reviews and reports to Board on corporate and financial risk processes;
- Monitors the process related to ongoing litigation matters; and
- With the Company's management and (if applicable) an independent petroleum engineering consulting firm, reviews the Company's annual process of estimating and reporting quantities of oil and gas reserves.

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 also has determined that each of Messrs. Logan 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 the Committee's 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 consultants.

### *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 H&P for the purpose of facilitating a spinoff by H&P 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's responsibilities include the following:

- Determine desired Board skills and attributes;
- Recommend candidates to serve on the Board and to stand for election at annual meeting of shareholders or to fill a vacancy occurring between meetings;
- Consider shareholder nominees for election to the Board; and
- Recommend 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 NYSE listing requirements and other governing laws and regulations.

## Table of Contents

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.

As a result of this review, the Board has determined that Hans Helmerich, David Hentschel, Harold Logan, Floyd Price, Monroe Robertson, Lisa Stewart, 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 H&P, a company with which Cimarex engages in ordinary course of business transactions. During H&P's fiscal year ended September 30, 2015, Cimarex paid H&P \$12.4 million for drilling 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 0.39% of H&P's revenue during that period. The Compensation and Governance Committee reviewed these transactions and concluded: (i) the transactions are proper and not material when compared to both Cimarex's total drilling costs and H&P'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 (iv) Mr. Helmerich's relationship with H&P does not interfere with his independent judgment as a Director of Cimarex.

Lisa Stewart joined our Board of Directors effective October 30, 2015. Ms. Stewart is Chairman and Chief Investment Officer of Sheridan Production Partners, a privately owned oil and gas operating company she founded in 2007. During 2015 Cimarex paid certain affiliates of Sheridan oil and gas revenues of \$224 thousand and received \$81 thousand from certain affiliates of Sheridan for joint interest billings. The payments to the affiliates of Sheridan represented 0.03% of Sheridan's consolidated revenues for 2015. In addition, Cimarex paid the Sheridan affiliates joint interest billings of \$6 thousand, and received \$4 thousand of oil and gas revenues. The Compensation and Governance Committee reviewed these transactions and concluded: (i) the transactions are proper and not material when compared to both Cimarex's total costs and Sheridan's revenues; (ii) the transactions occur in the ordinary course of business and at arms length; (iii) the Board does not review or approve oil and gas revenue payments or joint interest billings; and (iv) Ms. Stewart's relationship with Sheridan does not interfere with her independent judgment as a Director of Cimarex.

## **Risk Oversight**



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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 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 regularly scheduled 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.

## Table of Contents

The Audit Committee, at its December 9, 2015 meeting, reviewed, discussed and, at the Board meeting that day, reported to the Board about corporate, operational and financial risks and Cimarex's processes for mitigation of these risks.

## **Compensation Risk Oversight**

In February 2016, the Compensation and Governance Committee performed a thorough review of the possible connection between incentives and excessive risk taking. The Compensation and Governance 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 a review and discussion of the following:

- The metrics for determining awards;
- Plan participants;
- How the pools and individual awards are determined;
- The maximum individual award potential (maximum individual incentive to take risk);
- The maximum possible cost if awards were paid at maximum levels (maximum cost exposure);
- The decision-making and approval process; and
- The systemic limitations on the ability to take excessive risks in order to influence compensation.

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

## **Executive Sessions**

The independent Directors meet in executive session at each regularly scheduled Board meeting. The Lead Director presides over executive sessions. During 2015, four executive sessions were held and, with the exception of one session at which one independent Director was absent, all of the independent Directors attended each session. These sessions allow independent Directors to review the CEO's performance and 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 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.

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, the proxy access shareholder proposal acted upon in 2015, and a shareholder proposal concerning fugitive methane reporting that was made in December 2015 and subsequently withdrawn.

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

The following table shows, as of March 16, 2016, 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:

| Name of Beneficial Owner                                     | Shares<br>Beneficially Owned(1) | Percent of<br>Class |
|--|---------------------------------|---------------------|
| <i>Named Executive Officers:</i>                             |                                 |                     |
| Thomas E. Jorden, CEO (also Director)                        | 331,738                         | <1%                 |
| G. Mark Burford, CFO   | 45,217                          | <1%                 |
| Joseph R. Albi, COO (also Director)                          | 139,636                         | <1%                 |
| Stephen P. Bell, EVP   | 103,183                         | <1%                 |
| John A. Lambuth, SVP   | 117,652                         | <1%                 |
| Paul Korus, Former CFO                                       | 54,825                          | <1%                 |
| <i>Directors:</i>  |                                 |                     |
| Hans Helmerich   | 455,698 (2)                     | <1%                 |
| David A. Hentschel   | 31,010                          | <1%                 |
| Harold R. Logan, Jr.   | 9,433                           | <1%                 |
| Floyd R. Price   | 7,825                           | <1%                 |
| Monroe W. Robertson  | 13,729                          | <1%                 |
| Lisa A. Stewart  | 889                             | <1%                 |
| Michael J. Sullivan  | 16,191                          | <1%                 |
| L. Paul Teague   | 54,403 (3)                      | <1%                 |
| All executive officers and Directors as a group (18 persons) | 1,657,768 (2)(3)                | 2%                  |

(1) Includes restricted stock (as well as shares that are subject to performance-based vesting and time-based vesting more than 60 days after March 16, 2016), 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. For all executive officers and Directors as a group, includes 1,999 shares of common stock that could be purchased upon the exercise of stock options that have vested or will vest within the 60-day period following March 16, 2016.

(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 47,655 shares owned by 1993 Hans Helmerich Trust, of which Mr. Helmerich is the trustee, 1,062 shares owned by Family Trust, of which

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Mr. Helmerich is the co-trustee, 7,865 shares owned by Family Trust, of which Mr. Helmerich is the trustee, 48,500 shares owned by The Helmerich Trust, of which Mr. Helmerich is the co-trustee, and 325,000 shares held by the Peggy Helmerich QTIP Trust, of which Mr. Helmerich is the trustee.

(3) Includes 9,065 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.<br>55 East 52nd Street<br>New York, NY 10055       | 5,739,109               | 0             | 6,533,894                    | 0             | 6,533,894                                   | 6.9%                    |
| FMR LLC<br>245 Summer Street<br>Boston, MA 02210                  | 318,053                 | 0             | 5,552,215                    | 0             | 5,552,215                                   | 5.87%                   |
| The Vanguard Group<br>100 Vanguard Boulevard<br>Malvern, PA 19355 | 172,322                 | 9,100         | 8,227,548                    | 184,423       | 8,411,971                                   | 8.89%                   |

Table of Contents

## COMPENSATION DISCUSSION AND ANALYSIS - TABLE OF CONTENTS

|   | Page No. |
|---|----------|
| <u>Executive Summary of Compensation Discussion and Analysis ( CD&amp;A )</u>   | 29       |
| <u>Compensation Discussion and Analysis</u>                                     | 30       |
| <u>Section 1</u>  | 30       |
| <u>Summary of 2015 and Early 2016 Compensation Decisions</u>                    | 30       |
| <u>Response to 2016 Say-on-Pay Vote and Shareholder Engagement</u>              | 32       |
| <u>Key 2015 Compensation Actions</u>  | 32       |
| <u>CEO Compensation</u>   | 32       |
| <u>Severance Arrangements for Former CFO</u>                                    | 32       |
| <u>Other NEO Compensation</u>   | 32       |
| <u>Base Salary Determination</u>  | 33       |
| <u>Annual Cash Incentive Awards</u>   | 33       |
| <u>Long-Term Equity Incentive Award Program</u>                                 | 36       |
| <u>Elimination of Tax Gross Up Payments</u>                                     | 38       |
| <u>Alignment of CEO Direct Compensation to Total Shareholder Return</u>         | 39       |
| <u>Early 2016 Compensation Decisions</u>  | 40       |
| <u>2016 Annual Cash Incentive Award Goals</u>                                   | 40       |
| <u>Section 2</u>  | 41       |
| <u>Our Compensation Framework</u>   | 41       |
| <u>Objectives</u>   | 41       |
| <u>Design</u>   | 41       |
| <u>Principal Elements of Executive Compensation</u>                             | 41       |
| <u>Competitive Positioning</u>  | 42       |
| <u>Role of Compensation Consultant and Management in Compensation Decisions</u> | 43       |
| <u>Other Compensation Arrangements</u>  | 44       |
| <u>Post-Employment and Employment Arrangements</u>                              | 44       |
| <u>Retirement Benefits</u>  | 44       |
| <u>Perquisites</u>  | 44       |
| <u>Other Compensation Policies</u>  | 45       |
| <u>Total Pay Considerations</u>   | 45       |
| <u>Stock Ownership and Holding Requirements</u>                                 | 45       |
| <u>Clawback Policy</u>  | 45       |
| <u>Non-Hedging and Non-Pledging Policies</u>                                    | 45       |
| <u>Tax Law Considerations</u>   | 45       |
| <u>Compensation and Governance Committee Report</u>                             | 46       |

Table of Contents

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

### 2015 BUSINESS AND FINANCIAL PERFORMANCE OVERVIEW

- 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.

### 2015 EXECUTIVE COMPENSATION

|                        | 2015 Salary | 2015 Annual Cash Incentive Award | 2015 Long- Term Incentive Grant Value | Total        | % of Total Compensation at Risk |
|------------------------|-------------|----------------------------------|---------------------------------------|--------------|---------------------------------|
| Thomas E. Jorden, CEO  | \$ 870,750  | \$ 435,375                       | \$ 6,424,530                          | \$ 7,730,655 | 89%                             |
| G. Mark Burford, CFO   | \$ 342,279  | \$ 156,000                       | \$ 2,250,000                          | \$ 2,748,279 | 88%                             |
| Joseph R. Albi, COO    | \$ 561,600  | \$ 225,000                       | \$ 3,200,000                          | \$ 3,986,600 | 86%                             |
| Stephen P. Bell, EVP   | \$ 467,625  | \$ 163,000                       | \$ 2,850,000                          | \$ 3,480,625 | 87%                             |
| John A. Lambuth, SVP   | \$ 427,168  | \$ 156,000                       | \$ 3,050,000                          | \$ 3,633,168 | 88%                             |
| Paul Korus, Former CFO | \$ 331,430  | \$ 324,107                       | \$                                    | \$ 655,537   | 49%                             |



## ELEMENTS AND MIX OF EXECUTIVE COMPENSATION

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 2015 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 2015 compensation, 89% is at risk and is linked to Cimarex's future performance and 83% of his 2015 disclosed compensation is service-based and performance-based long-term equity incentive compensation. The average compensation mix for the other NEOs is 88% at risk compensation and 83% 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 CD&A describes Cimarex's executive compensation program for 2015. 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 of the Board of Directors made 2015 compensation decisions for our executives, including the following NEOs:

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

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

**Section 1** discusses 2015 and early 2016 actions related to 2015 executive compensation.

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

## SECTION 1

### Summary of 2015 and Early 2016 Compensation Decisions

| TOPIC | ACTION | RATIONALE |
|-------|--------|-----------|
|-------|--------|-----------|

|                    |  |  |
|--------------------|--|--|
| Base Salary Review |  |  |
|--------------------|--|--|

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No change to CEO, former CFO, COO, and EVP Business Development base salaries.

Due to the downturn in commodity prices and therefore the Company's cash flow, the Committee determined that CEO, former CFO, COO, EVP Business Development were being paid at or near the targeted percentile and recommended no increases in base salaries.

Set base salary for new CFO upon retirement of former CFO in September 2015.

When Mr. Burford was named as CFO effective upon the retirement of the former CFO on September 1, 2015, his base salary was set at \$390,000 based on the base salary levels of compensation peer companies. The salary was set below his predecessor's base salary and in the lower range of CFOs in our Compensation Peer Group due to Mr. Burford being new to the position.

Initially Increased VP Exploration's base salary in May 2015 by 5% and in December 2015 increased base salary due to promotion.

The Committee recommended a 5% increase in base salary for the VP Exploration. In December 2015, the VP Exploration was promoted to SVP Exploration and salary increased by 5.5%. These increases were due to his combined exploration and operational level of responsibilities being greater than the responsibilities of individuals at peer companies with similar titles and his promotion to Senior Vice President in recognition of his duties and internal comparability with other NEOs and executive officers based on his experience level and

Table of Contents

| TOPIC                                   | ACTION   | RATIONALE   |
|---|--|---|
| <b>Annual Short-Term Incentive Plan</b> | Authorized annual cash short-term awards to the CEO of 50% of year-end base salary and other NEOs of between 35% to 40% of year-end base salary (target of 100% of base salary for all NEOs).  | tenure with Cimarex.<br><br>Annual cash awards were based on the achievement of financial and strategic objectives and recommendations from the Compensation and Governance Committee's independent compensation consultant. Due to commodity price decreases and the impact on cash flows, the Compensation and Governance Committee exercised negative discretion to reduce the awards from the 105% to 125% range recommended by the Committee's compensation consultant. See <i>Key Compensation Actions for 2015</i> in <i>Section 1, Compensation Discussion and Analysis</i> .   |
| <b>Long-Term Equity Incentives</b>      | Authorized long-term equity awards to NEOs (including the CEO) with an aggregate grant date fair value of \$17,774,530. 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, with 100% being earned if Cimarex's relative stock price is in the top five of the 17 companies in the stock performance peer group. | Given Cimarex's reduced emphasis on cash and other forms of compensation that is not at-risk, the range for 2015 long-term equity awards recommended by the compensation consultant represented a total value at the 75th percentile when compared to 2015 awards made by peer companies based on the consultant's review of public filings and knowledge of other companies for which the consultant provides services to compensation committees. The Committee approved its consultant's recommendations, which were 10% lower than the grant date fair value of awards to the NEOs in 2014. The Committee considered Cimarex's total shareholder return for the past one and three years, NEO total direct compensation compared to peer companies, and the compensation consultant's recommended pool of grant date fair value. The actual value of the shares upon vesting in December 2018 will be based on Cimarex's performance as reflected in the relative stock price compared to the other companies in the stock performance peer group and Cimarex's stock price at that time. |
| <b>Organizational Changes</b>           | Elected G. Mark Burford as VP and Chief Financial Officer (Principal Financial Officer)  | Cimarex's former CFO, Paul Korus retired on September 1, 2015. Mr. Burford was elected to fill the vacancy.   |
|   | Promoted John Lambuth to SVP Exploration   | Mr. Lambuth was promoted to reflect additional responsibilities and for internal comparability with other NEOs and executive officers based on his experience level and tenure with Cimarex.  |

See *Key 2015 Compensation Actions* below for more detail.

Table of Contents

## **Response to 2016 Say-on-Pay Vote and Shareholder Engagement**

At the 2015 Annual Meeting of Shareholders, 98% of the votes cast were in favor of the advisory vote to approve executive compensation, up from 96% at the 2014 annual meeting. In addition to the advisory vote, 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 Compensation and Governance Committee carefully considers any feedback and routinely reviews executive compensation practices and governance.

The Compensation and Governance Committee considered the results of the advisory vote and the discussions with shareholders to convey our shareholders' support of the Committee's compensation decisions in 2014 and early 2015 and shareholders' overall satisfaction with Cimarex's executive compensation programs. Consistent with this support, the Compensation and Governance Committee retained the core design of our executive compensation programs for the remainder of 2015, as it believes the programs continue to retain, attract, when appropriate, and appropriately incent senior management.

## **Key 2015 Compensation Actions**

The following discusses the Compensation and Governance Committee's key 2015 compensation decisions, which are reflected in the 2015 Summary Compensation Table below. These decisions were made with the advice of the Compensation and Governance Committee's independent consultant, Longnecker & Associates. (See *Section 2 of Compensation Discussion and Analysis* for additional discussion regarding the role of the consultant.)

### **CEO Compensation**

- Mr. Jordan's base salary was not increased in 2015 due to the downturn in commodity prices and Cimarex's cash flow.
- Mr. Jordan's 2015 annual cash incentive award was \$435,375, or 50% of his year-end base salary.
- His annual long-term incentive equity award value at the date of grant (December 9, 2015) was \$6,424,530.

These decisions were reviewed in detail by the Compensation and Governance Committee and its independent consultant. The Compensation and Governance Committee considered several factors, including input from its independent consultant, salary data from peer companies and Cimarex's performance. In 2015, approximately 89% of Mr. Jordan's compensation as disclosed in the Summary Compensation Table was at risk.

### **Severance Arrangements for Former CFO**

On August 17, 2015, the Company entered into an agreement ( Succession Agreement ) with Mr. Korus, Cimarex s former CFO. The Succession Agreement established terms related to his retirement and severance arrangements. Additional information regarding the Succession Agreement is provided following the Potential Payments Upon Change in Control or Termination Severance Arrangements for Former CFO.

### **Other NEO Compensation**

The Compensation and Governance Committee also made compensation decisions for the other NEOs comprised of base salary adjustments, 2015 annual cash incentive awards made in February 2016, and long-term equity awards made in December 2015. These adjustments were based upon the recommendations of the CEO, evaluation by the Committee, the advice and recommendations 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 2015 NEO compensation decisions:

Table of Contents

|                        | 2015 Salary    | 2015 Annual Cash Incentive Award | 2015 Long-Term Incentive Equity Grant Date Fair Value | Total        | % of Total Compensation that is At Risk |
|------------------------|----------------|----------------------------------|---|--------------|---|
| G. Mark Burford, CFO   | \$ 390,000 (1) | \$ 156,000                       | \$ 2,250,000  | \$ 2,796,000 | 86%                                     |
| Joseph R. Albi, COO    | \$ 561,600     | \$ 225,000                       | \$ 3,200,000  | \$ 3,986,600 | 86%                                     |
| Stephen P. Bell, EVP   | \$ 467,625     | \$ 163,000                       | \$ 2,850,000  | \$ 3,480,625 | 87%                                     |
| John A. Lambuth, SVP   | \$ 436,000 (2) | \$ 156,000                       | \$ 3,050,000  | \$ 3,642,000 | 88%                                     |
| Paul Korus, Former CFO | \$ 486,160     | \$ 324,107 (3)                   | \$  | \$ 810,267   | 40%                                     |

(1) Mr. Burford's salary effective September 1, 2015 upon his election as Vice President and Chief Financial Officer.

(2) Mr. Lambuth's salary increase effective June 1, 2015.

(3) Mr. Korus retired effective September 1, 2015 and received a pro rata share of his target bonus. See *Potential Payments Upon Change in Control or Termination* below.

**Base Salary Determination**

We provide competitive base salaries to retain and attract, when appropriate, talented executives and to provide a fixed base of cash compensation. We compare each NEO's base salary with the base salary paid for a similar executive position by companies in our Compensation Peer Group. See *Competitive Positioning* later in this CD&A for a list of the companies in the Compensation Peer Group. The Compensation and Governance Committee then may adjust base salaries based on a number of factors, including job responsibilities, management experience, individual contributions, number of years in position and current salary.

In May 2015, the Committee's independent compensation consultant reviewed the NEOs' base salaries compared to market and recommended a pool equal to 1% of executive salaries to be allocated in the Compensation and Governance Committee's discretion for individual salary increases in the range of 1% to 3% to maintain market alignment. Based on a recommendation by Mr. Jorden, the Committee also recognized the Vice President Exploration because his combined exploration and operational responsibilities are greater than the responsibilities of individuals at peer companies with similar titles. Mr. Jorden recommended that there be no increase in salaries for other NEOs due to the downturn in commodity prices and the Company's cash flow. The Compensation and Governance Committee considered the recommendation of the consultant and took into consideration the recommendations by Mr. Jorden. The Compensation and Governance Committee recommended, and the Board approved, the following base salaries effective June 1, 2015:

| Name               | Title   | 5/31/2015 Base Salary | After 6/1/2015 Base Salary | Percent Increase |
|--------------------|---|-----------------------|----------------------------|------------------|
| Thomas E. Jorden   | Chairman of the Board, CEO and President      | \$ 870,750            | \$ 870,750                 | 0%               |
| G. Mark Burford(1) | Vice President and CFO                        | \$                    | \$                         | %                |
| Joseph R. Albi     | Executive Vice President Operations, COO      | \$ 561,600            | \$ 561,600                 | 0%               |
| Stephen P. Bell    | Executive Vice President Business Development | \$ 467,625            | \$ 467,625                 | 0%               |
| John A. Lambuth    | Senior Vice President Exploration             | \$ 415,125            | \$ 436,000 (2)             | 5%               |
| Paul Korus         | Former Senior Vice President CFO              | \$ 486,160            | \$ 486,160                 | 0%               |



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(1) When Mr. Burford was named as CFO effective upon the retirement of the former CFO on September 1, 2015, his base salary was set at \$390,000 based on the base salary levels of compensation peer companies. The salary was set below his predecessor's base salary and in the lower range of CFOs in our Compensation Peer Group due to Mr. Burford being new to the position.

(2) Mr. Lambuth was promoted to Senior Vice President Exploration on December 9, 2015 and his base salary increased to \$460,000 effective January 1, 2016.

### **Annual Cash Incentive Awards**

In February 2016, the Committee met to deliberate and determine NEO (including the CEO) annual cash incentive awards for 2015 services. The individual target for the CEO and each other NEO is 100% of his or her base salary. There is no minimum award and an individual's maximum award is 200% of his or her base salary.

Table of Contents

In February 2015, the Compensation and Governance Committee adopted 2015 strategic and tactical goals and objectives to be measured in 2016. The following represents the level of achievement of the 2015 strategic and tactical goals and objectives:

**2015 Strategic and Tactical Goals and Objectives**

Achieve good return on invested capital.

**Achievement**

**Poor.** We were below our threshold for after tax return on invested capital based on internal measurements which consider only discounted future cash flows from proved developed reserves. Although our drilling program achieved very good results on a rate, reserve and cost perspective, these results were not enough to overcome the effect of commodity prices that continued to decline throughout 2015.

Manage the balance sheet as is prudently possible in a reduced commodity price environment:

**Good.** Cimarex addressed this objective with the primary goal to preserve the strength of our balance sheet. As discussed below, we achieved increased production in spite of significant reductions in capital implemented through the year. Reserves declined due to the impact of reduced commodity prices.

- Increase debt adjusted production per share.

**Good.** Increased absolute production by 13% and debt adjusted production by 4%.

- Increase debt adjusted reserves per share.

**Good.** Proved reserves declined by 7% and debt adjusted reserves declined by 15% compared to declines in the prices used to calculate reserves of 40.5% for natural gas, 47.1% for oil and 53.3% for natural gas liquids.

Continue focus on staffing and succession planning at all levels.

**Excellent.** Cimarex implemented a talent succession plan in 2015 to develop the next generation of talent to replace retiring managers and executives. Under this plan, we began an ongoing process of identifying high potential employees and developing career plans for those employees to prepare them for future managerial and executive positions.

Keep five year plan continuously updated.

**Excellent.** In 2015, Cimarex progressed in its ability to generate long terms corporate forecasts, including the capability to quickly integrate the effect of commodity price changes and capital program changes on projected overall results. This allows Cimarex to quickly analyze alternatives in its active inventory of future drilling opportunities based on changes in variables such as commodity prices, rig counts and cost structure.

Continue emphasis on health, safety and the environment.

**Good.** In 2015, Cimarex continued to emphasize safety and environmental responsibility at every level of the organization. While we have developed a safety and environmental culture that is responsible and responsive, our 2015 incident rate increased. The Environmental, Health & Safety group also performed admirably while working with our Operations group to prevent environmental damage following the breach of an Army Corps of Engineers levy.

Further develop organizational capability for low cost, efficient resource play development.

**Good.** In 2015, Cimarex formed interdisciplinary task forces in its two main areas of operation, the Delaware and Anadarko Basins, in order to more effectively plan and execute resource play development. This allows our teams to work together in project planning and execution and to apply lessons learned in one area of operations to other areas.



Table of Contents

Be opportunistic for asset or corporate acquisition opportunities.

**Good.** In 2015, Cimarex evaluated and declined a number potential acquisition opportunities after determining that they would not have created sufficient value for our shareholders. We remain vigilant and prepared to pursue the right opportunity.

Optimize drilling and completion costs.

**Excellent.** In 2015, we continued to obtain lower drilling and completion costs, driven by decreases in unit costs from our vendors and gains in drilling and completion efficiencies.

Bring new exploration project to a point where commerciality can be reasonably assessed.

**Fair.** In 2015, decreased cash flow led to delaying drilling plans in new exploration areas. While drilling plans have been delayed, we continue to analyze data and have entered into data sharing arrangements with other operators in new exploration areas.

Be innovative in the down cycle.

**Good.** In 2015, our organization rose to the challenge of declining commodity prices. Our focus has been on the need to continuously improve efficiencies and costs and work on innovative approaches to our business.

The Compensation and Governance Committee's independent compensation consultant recommended a pool for cash incentive awards for all NEOs of between \$2.93 million and \$3.5 million, or between 105% and 125% of the NEOs year-end 2015 salaries, based on the consultant's review of the company's achievement of the 2015 strategic and tactical goals, the consultant's analysis of the prior year's annual payouts of the Compensation Peer Group at the market 50th percentile (or \$3.5 million) based on the consultant's evaluation of the Company's performance of its 2015 strategic and factual goals compared to the Compensation Peer Group's percentile rankings, and the consultant's review of reductions by other exploration and production companies in annual incentive awards due to commodity price and stock price drops. Based principally on the achievement of the 2015 strategic and tactical goals and objectives while recognizing the sharp drop in oil and gas prices in 2015 and the uncertainty concerning when prices, and therefore the Company's cash flow, might increase, the CEO recommended cash incentive awards for the other NEOs of between 35% and 40% of their year-end 2015 salaries. The Compensation and Governance Committee's independent consultant concurred that the CEO's recommendations were reasonable. The Compensation and Governance Committee, after considering the achievement of the 2015 financial and operational objectives, the reduction in oil and gas prices and the impact on cash flow, and in consultation with its independent consultant, accepted the CEO's recommendations, and the Board approved the Compensation and Governance Committee's recommendations.

The Compensation and Governance Committee, with its independent consultant, and without management present, deliberated concerning the CEO's annual cash incentive award. Based on its analysis of the Company's 2015 performance described above and the CEO's leadership of the company and management of senior executives and other employees to achieve this performance, the Compensation and Governance Committee recommended and the Board approved a cash incentive award to the CEO of 50% of his base salary. The Compensation and Governance Committee's independent consultant concurred with this recommendation, and the total cash incentive awards to all NEOs of \$1.1 million was below the recommendation of the compensation consultant of a reasonable pool in the range of \$2.93 million to \$3.5 million. Following are the CEO and other NEO 2015 annual cash incentive awards:

| <u>Name</u>             | <u>Cash Incentive Award</u> | <u>% of Year-End Base Salary</u> |
|-------------------------|-----------------------------|----------------------------------|
| Thomas E. Jorden, CEO   | \$ 435,375                  | 50%                              |
| G. Mark Burford, CFO    | \$ 156,000                  | 40%                              |
| Joseph R. Albi, COO     | \$ 225,000                  | 40%                              |
| Stephen P. Bell, EVP    | \$ 163,000                  | 35%                              |
| John A. Lambuth, SVP    | \$ 156,000                  | 36%                              |
| Paul Korus, Former CFO* | \$ 324,107                  | 67%                              |

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\* Pursuant to the Succession Agreement entered into with Mr. Korus in connection with his retirement on September 1, 2015, Cimarex agreed to pay Mr. Korus a prorated portion of his target bonus due to his service to Cimarex and the success of the Company's May 2015 equity offering with net proceeds of \$729 million. See *Potential Payments Upon Change in Control or Termination* below.

Table of Contents**Long-Term Equity Incentive Award Program**

Our long-term equity incentive award program balances the short-term annual cash incentive program by focusing executive efforts on the activities and short-term results that lead to long-term shareholder value. Each year the Compensation and Governance Committee grants equity awards of restricted stock to NEOs.

For grants made in December 2015, the number of shares that may be earned is determined by the relative stock price performance of Cimarex when compared to the stock price performance of companies in the S&P 500 Oil and Gas Exploration & Production Index (Stock Performance Peer Group). See *Competitive Positioning* in this CD&A for a list of the companies in the 2015 Stock Performance Peer Group. 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 vesting period. While the 2015 Equity Incentive Plan does not set a minimum vesting period, the Compensation and Governance Committee has set a three year vesting period for restricted stock awards to NEOs since the Compensation and Governance Committee began making restricted stock awards in 2006.

Dividends equivalent to those paid on Cimarex common stock are paid on 50% of the shares awarded, and dividends applicable to the remainder of the shares awarded are accrued and only paid on the shares earned following calculation of Cimarex's relative stock price performance compared to companies in the Stock Performance Peer Group at the end of the performance period. All of the shares subject to the award have the same voting rights as outstanding shares of Cimarex common stock.

For restricted stock awards made in December 2015, the total number of shares earned is determined by calculating the percentage difference between the average per share closing price for shares of Cimarex and each company in the Stock Performance Peer Group for the 30 trading days preceding the date of grant and the 30 trading days preceding the third anniversary of the grant. The Compensation and Governance Committee ranks Cimarex and calculates its relative performance percentile. Companies that are not in the Stock Performance Peer Group at both the beginning and the end of the performance period are not included in the calculation. The following table illustrates shares that would be earned at various relative stock performance price percentiles (assuming 17 companies in the Peer Group).

| <b>Cimarex's Rank Among<br/>Peer Companies</b> | <b>Percent of<br/>Award Vesting</b> | <b>Relative Stock Price<br/>Performance Percentile</b> |
|--|-------------------------------------|--|
| 1 through 5                                    | 100%                                | 75-100%  |
| 6  | 94%                                 | 69%  |
| 7  | 88%                                 | 63%  |
| 8  | 81%                                 | 56%  |
| 9  | 75%                                 | 50%  |
| 10   | 69%                                 | 44%  |
| 11   | 63%                                 | 38%  |
| 12   | 56%                                 | 31%  |
| 13 through 17                                  | 50%                                 | 25%  |

Given Cimarex's reduced emphasis on cash and other forms of compensation that is not at-risk, on December 9, 2015, the Compensation and Governance Committee granted long-term equity awards to the NEOs with a total grant date fair value of \$17,774,530 based on competitive market data for companies in Cimarex's Compensation Peer Group. Comparative data was obtained by the Compensation and Governance Committee's independent consultant from public filings disclosing 2015 NEO compensation of companies in the Compensation Peer Group and the consultant's knowledge of other companies for which the consultant provides services. See *Competitive Positioning* in this CD&A for a list of the companies in the Compensation Peer Group. The Compensation and Governance Committee's compensation consultant recommended awards with a value at the 75th percentile when compared to companies in the Compensation Peer Group because of Cimarex's outstanding performance compared to its Compensation Peer Group based on total shareholder return for the periods from December 3, 2014 through December 3, 2015 and December 3,

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2012 through December 3, 2015. The consultant noted that, as of December 3, 2015, Cimarex was at the 86th percentile in terms of one-year total shareholder return, the 100th percentile in terms of three-year total shareholder return, and the 80th percentile in terms of five-year total return. The recommended total grant date value for all NEOs is approximately 10% lower than the total for 2014 long term equity grants. The independent compensation consultant noted that this recommendation would be in alignment with its estimated market 75th percentile and the reduction from the prior year's grant will keep the Company closely aligned with market practices for top performers and provide consideration for the Company's good performance in a depressed environment. The Compensation and Governance

Table of Contents

Committee approved awards equal to the recommended total pool based on Cimarex's total shareholder return compared to its Compensation Peer Group for the periods indicated, the total direct compensation of our NEOs compared to our peer companies, Cimarex's 2015 financial and operational performance, and the compensation consultant's recommendation. The actual value of the shares upon vesting in December 2018 will be based on Cimarex's relative three-year stock performance compared to the other companies in the Stock Performance Peer Group as described above and Cimarex's stock price at that time.

The Compensation and Governance Committee granted a total of 263,939 restricted shares to the NEOs (including the CEO). The number of shares granted to each NEO was based on their relative individual roles and responsibilities. Of the total number of shares granted to the NEOs (including the CEO), the Committee awarded 36.0% of the shares to Mr. Jorden, 18% of the total shares to Mr. Albi, 17% to Mr. Lambuth, 16% to Mr. Bell and 13% to Mr. Burford. The following table reflects the awards made by the Committee:

| <u>Name</u>           | <u>No. of Shares<br/>Subject to Award</u> | <u>Grant Date Value of<br/>Long-Term Equity<br/>Incentive Award(1)</u> |
|-----------------------|---|--|
| Thomas E. Jorden, CEO | 73,727                                    | \$ 6,424,530   |
| G. Mark Burford, CFO  | 25,821 (2)                                | \$ 2,250,000 (2)   |
| Joseph R. Albi, COO   | 36,723                                    | \$ 3,200,000   |
| Stephen P. Bell, EVP  | 32,706                                    | \$ 2,850,000   |
| John A. Lambuth, SVP  | 35,001                                    | \$ 3,050,000   |

(1) Represents an estimate of the fair value of the shares as of the grant date utilizing a Monte Carlo valuation technique as permitted by the guidance provided by FASB ASC Topic 718. The estimated fair value is the aggregate compensation cost to be recognized over the service period based on the results of the Monte Carlo analysis.

(2) Includes 10,000 shares granted to Mr. Burford upon his appointment as CFO effective September 1, 2015 with the same vesting terms as the December 9, 2015 awards to all NEOs.

**2015 Vesting of NEO Equity Awards**

On May 15, 2015, the performance period applicable to the May 18, 2012 NEO equity awards ended. Cimarex's relative stock price performance was 88th percentile of the Compensation Peer Group at the end of the performance period, resulting in the vesting of 100% of the shares subject to the May 18, 2012 award.

Mr. Lambuth was not an NEO at the time of the May 18, 2012 awards. He received a performance share award on September 13, 2012 in connection with his appointment as Vice President Exploration. On September 13, 2015, the performance period applicable to Mr. Lambuth's September 13, 2012 equity award ended. Cimarex's relative stock price performance was 96th percentile of the Stock Performance Peer Group at the end of the performance period, resulting in the vesting of 100% of the shares subject to Mr. Lambuth's September 13, 2012 award.

The following table reflects the shares originally granted to each NEO and the number of shares that vested at the end of the three-year performance period:



| <u>Name</u>            | <u>No. of Shares Granted</u> | <u>No. of Shares Vested</u> |
|------------------------|------------------------------|-----------------------------|
| Thomas E. Jorden, CEO  | 59,692                       | 59,692                      |
| Joseph R. Albi, COO    | 44,770                       | 44,770                      |
| Stephen P. Bell, EVP   | 37,308                       | 37,308                      |
| John A. Lambuth, SVP   | 24,000                       | 24,000                      |
| Paul Korus, Former CFO | 37,308                       | 37,308                      |

The vesting of these awards and the value at vesting is also reported in *2015 Option Exercises and Restricted Stock Vesting* table in this proxy statement.

Table of Contents

**Elimination of Tax Gross Up Payments**

In March 2013, the Board amended the Cimarex's Change in Control Severance Plan to eliminate any participant's right (including the right of any NEO) to a tax gross-up payment.

Cimarex's Change in Control Severance Plan is the only plan that provided for a tax gross-up payment to a participant following a change in control if any payments received by the participant as a result of the change in control become subject to the excise tax imposed by Section 4999 of the Internal Revenue Code. See *Potential Payments Upon Change in Control or Termination* for a more detailed description of this Plan.

Table of Contents

**Alignment of CEO Direct Compensation to Total Shareholder Return ( TSR )**

**Cimarex CEO Total Direct Compensation Compared to Cimarex TSR**

The following graph illustrates our CEO direct compensation compared to our TSR for the years 2011 through 2015. Indexed TSR represents the cumulative total return of Cimarex stock for a five-year period based on a \$100 investment at the start of the first year and reinvestment of all dividends. The data for 2011 includes weighted compensation, including compensation for F. H. Merelli, who served as CEO for nine months in 2011, and compensation for Thomas E. Jorden, who served as CEO for three months in 2011. Compensation for 2012, 2013, 2014 and 2015 represents only compensation for Mr. Jorden, Cimarex's current CEO. The table shows the value of the investment at the end of each year.

**Relative CEO Total Compensation Compared to Relative TSR**

The following graph depicts alignment of relative CEO compensation compared to relative TSR for the years ended December 31, 2011 through December 31, 2014. The information is only provided through 2014 because 2015 CEO peer company compensation information is not publicly available at this time. The companies used for the relative comparison are the companies in our Compensation Peer Group. We have also included, as a point of reference, Cimarex's CEO compensation for the years ended December 31, 2013 through December 31, 2015.



Table of Contents

**Multiple of Median CEO Compensation**

The graph below reflects that Cimarex's 2014 CEO total direct compensation represents 96% of the median CEO total direct compensation of companies in our Compensation Peer Group. The information provided is for 2014 peer group CEO total direct compensation because 2015 CEO peer group compensation information is not publicly available at this time. We have also included, as a point of reference, Cimarex's 2015 CEO total direct compensation.

**Early 2016 Compensation Decisions**

**2016 Annual Cash Incentive Award Goals**

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In February 2016, the Compensation and Governance Committee approved the following strategic goals and objectives that will apply to 2016 annual cash incentive awards that will be measured and paid in 2017:

### 2016 strategic goals:

- o Achieve good return on invested capital.
- o Manage the balance sheet.
- o Redefine and implement appropriate cost structure for road ahead.
- o Be innovative in doing more with less. Maximize effectiveness.
- o Be creative in developing new plays / new concepts / innovations.

### 2016 tactical goals:

- o Continue to improve base production management.
- o Continue to optimize our midstream operations.
- o Continue focus on staffing and succession planning at all levels.
- o Emphasize and improve health, safety and environment; safety first.
- o Implement fugitive methane emission reporting process.
- o Continue to keep corporate model/five year plan evergreen.
- o Determine commerciality and disposition of exploration prospect.
- o Be opportunistic for asset or corporate acquisition opportunities.

## Table of Contents

The strategic and tactical measures and objectives have been clearly communicated to the NEOs. At year end, the CEO will deliver a report of results to the Compensation and Governance Committee with respect to each goal and provide the CEO's recommendation and the basis for the CEO's recommendations for individual awards. The Compensation and Governance Committee and its independent compensation consultant will review the CEO's recommendations and accept or modify those recommendations. The non-management members of the Board will consider the recommendations of the Compensation and Governance Committee. Each NEO, including the CEO, has a threshold award of 0% of base salary (no minimum award), a target award equal to 100% of base salary and a maximum award of 200% of base salary.

## SECTION 2

### Our Compensation Framework

#### Objectives

Our principal business objective is to profitably grow our proved oil and gas reserves and production for the long-term benefit of shareholders. The primary strategy we use to achieve this objective is to reinvest our cash flow from operations at a competitive rate of return. Our executive compensation program is designed to retain and attract, when appropriate, the experienced professionals necessary to carry out this strategy.

#### Design

We design our executive compensation program to:

- **Align performance incentives with the long-term interests of our shareholders.**

We align the long-term interests of our executives with the long-term interests of our shareholders by paying a substantial portion of each executive's total direct compensation in the form of performance-based equity awards. The actual awards delivered are dependent upon relative TSR so that the more our shareholders benefit through shareholder returns compared to our Stock Performance Peer Group, the more our executives benefit through increased vesting of performance-based equity and the relative increase in stock price. Also, stock ownership guidelines encourage executives to have a meaningful ownership stake in Cimarex, further aligning the interests of our shareholders and our executives.

- **Provide competitive total direct compensation opportunities that retain and attract, when needed, executive talent.**

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We provide compensation opportunities to our executives at levels that are competitive with equivalent positions at companies with which we may compete for talent. In general, when we review base salary, long-term equity awards and total direct compensation, we reference the 50th and 75th percentiles of the relevant peer group. Actual compensation earned by an executive may be outside this range based on company and individual performance and industry competition for talented executives.

- **Link compensation earned to achievement of short-term and long-term financial and operational objectives.**

We provide an annual incentive cash award opportunity that is designed to reward executive efforts for achievement of company financial and operational objectives. Our long-term equity incentive awards are designed to encourage above average stock price performance and are structured to encourage retention of executives.

### Principal Elements of Executive Compensation

We principally use three elements of executive compensation to carry out the design of our executive compensation program, collectively referred to as Total Direct Compensation :

|   |                             |  |
|---|-----------------------------|--|
| Ø | Base salary                 | Retain executive team and, when appropriate, attract other executives. |
| Ø | Annual cash incentive award | Reward executives for short-term financial and operational             |



Table of Contents

results.

|   |                               |  |
|---|-------------------------------|--|
| Ø | Annual long-term equity award | Focus executive efforts on activities and short-term results that lead to long-term shareholder value. We use time-vested restricted stock for retention and performance measures based on relative TSR to align executives' interests with the interests of shareholders. |
|---|-------------------------------|--|

**Competitive Positioning**

In support of our compensation objectives, we reference the 50th and 75th percentiles of a peer group of companies to determine an appropriate total value and mix of pay for executives. We look at individual NEO and total NEO Total Direct Compensation compared to individual NEO and total NEO Total Direct Compensation of companies in our Compensation Peer Group. Because not all of our NEO positions are directly comparable to NEO positions of companies in our Compensation Peer Group, we believe that reviewing aggregate Total Direct Compensation of all NEOs provides an appropriate reference for comparative purposes. The Compensation Peer Group is comprised of companies in the oil and gas industry with similar market capitalization and revenue. The Compensation and Governance Committee annually reviews companies in this Peer Group and modifies the group as appropriate. The 50th and 75th percentiles are reference points only; we do not automatically compensate each executive at these levels. Several variables, including individual and division performance, time in position, annual company performance and one- and three-year relative stock price performance influence the actual executive compensation decisions.

In May 2015, the Compensation and Governance Committee approved Cimarex's Compensation Peer Group to be used for 2015 compensation decisions. The companies included in the Compensation Peer Group at the time of selection are companies in our industry of similar size and scope of operations and similar market capitalization and revenue. At the time of selection, the April 30, 2015 market capitalization of these companies ranged from \$2.8 billion to \$25.8 billion, the trailing 12 months revenue as of April 30, 2015 ranged from \$1.3 million to \$4.9 billion. For the comparable periods, Cimarex's market capitalization was \$10.9 billion and its revenue was \$2.4 billion. The Compensation and Governance Committee's independent compensation consultant recommended removing one company from the 2014 Compensation Peer Group. The consultant recommended removing Ultra Petroleum Corp. as being too small from an overall financial stand point with a market capitalization of \$2.6 billion and trailing 12 month revenues of \$1.1 billion. The consultant also recommended adding Continental Resources, Inc. (Continental) because its financial metrics aligned with those of Cimarex. Continental had a market capitalization of \$19.6 billion at April 30, 2015. The Compensation and Governance Committee approved the recommendations and the following are the companies in the 2015 Compensation Peer Group:

**2015 Compensation Peer Group**

**Peer Company**

Cabot Oil & Gas Corporation  
 Concho Resources Inc.  
 Continental Resources, Inc.  
 Denbury Resources Inc.  
 Energen Corporation  
 Newfield Exploration Company  
 Noble Energy, Inc.

**Peer Company**

Pioneer Natural Resources Company  
 QEP Resources, Inc.  
 Range Resources Corporation  
 SM Energy Company  
 Southwestern Energy Company  
 Whiting Petroleum Corporation  
 WPX Energy, Inc.

Under our long-term equity incentive award program, we grant performance-based awards of restricted stock. For grants made in December 2015, the performance measure used to determine the number of shares to be delivered upon vesting is Cimarex's relative TSR over preceding 1- and 3-year periods when compared to companies in the S&P 500 Oil and Gas Exploration & Production Index (the Stock Performance Peer Group).

**2015 Stock Performance Peer Group**

**Peer Company**

Anadarko Petroleum Corporation  
Apache Corporation  
Cabot Oil & Gas Corporation  
Chesapeake Energy Corporation  
Cimarex Energy Co.

**Peer Company**

Hess Corporation  
Marathon Oil Corporation  
Murphy Oil Corporation  
Newfield Exploration Company  
Noble Energy, Inc.

Table of Contents

ConocoPhillips  
Devon Energy Corporation  
EOG Resources, Inc.  
EQT Corporation

Pioneer Natural Resources Company  
Range Resources Corporation  
Southwestern Energy Company

## **Role of Compensation Consultant and Management in Compensation Decisions**

### **Compensation Consultant**

The Compensation and Governance Committee has engaged the firm of Longnecker & Associates ( Longnecker ) as its independent compensation consultant to fulfill the following responsibilities:

- Advise the Compensation and Governance Committee on management proposals, as requested;
- Undertake special projects at the request of the Compensation and Governance Committee;
- Participate in Compensation and Governance Committee meetings;
- Make recommendations concerning the Compensation Peer Group;
- Review the selected Peer Group and survey data for competitive comparisons; and
- Provide market data and recommendations on NEO compensation.

The Compensation and Governance Committee has considered the independence factors adopted by the NYSE and has determined that its consultant, Longnecker, is independent within the meaning of the NYSE listing standards.

In 2015, as part of its ongoing services to the Compensation and Governance Committee, one or more representatives of Longnecker attended or participated by teleconference at four of the meetings. Longnecker provided the following services in 2015:

- Reviewed and provided input on the CD&A in the 2015 proxy statement;
- Attended February 24, 2015 Compensation and Governance Committee meeting and consulted with the Committee on annual cash incentive awards.
- Reviewed and made executive base salary recommendations;
- Made recommendations concerning the Compensation Peer Group;

- Conducted a market analysis of Board compensation; and
- Provided an executive compensation analysis and recommended range for long-term equity grants.

The total amount of fees paid to Longnecker for 2015 services to the Committee was \$128,600. In addition, the Compensation and Governance Committee reimburses Longnecker for reasonable travel and business expenses.

## **Management**

Our CEO and President is the principal management resource for compensation recommendations to the Compensation and Governance Committee with respect to the other NEOs. The CEO (i) provides an annual assessment of Cimarex's overall financial and operational performance, and (ii) subjectively evaluates individual NEO performance and recommends individual base salary adjustments, annual cash incentive awards, and long-term equity awards. His subjective evaluations generally include factors such as scope of responsibility, contribution to company performance, technical competence, managerial skills and advancement potential. The Compensation and Governance Committee considers the CEO's recommendations in making decisions regarding executive compensation. The Compensation and Governance Committee exercises its discretion to accept, reject or modify these compensation recommendations.

Our Vice President Human Resources acts as an informational resource to Longnecker and the Compensation and Governance Committee and compiles survey and other compensation data for their review. The Compensation and Governance Committee, in consultation with Longnecker, reviews this information when making executive compensation and program design decisions.

Table of Contents

## Other Compensation Arrangements

### Post-Employment and Employment Arrangements

All employees, including the NEOs, are covered by the Cimarex Change in Control Severance Plan. The Plan provides for a double trigger so that payments are made only if (a) there is a change in control (as defined in the Plan) and (b) an employee is terminated for any reason other than cause (as defined in the Plan) within two years following a change in control. In the event that both of the above contingencies are satisfied, the employee is entitled to (i) cash severance payments of two times annual salary and average cash incentive award, (ii) a pro-rata portion of annual cash incentive bonus for the current year, and (iii) continued medical, dental, disability and life insurance benefits for two years. See *Potential Payments Upon Change in Control or Termination* for a more detailed description of these benefits. In addition, the 2014 Equity Incentive Plan and the terms of employee equity award agreements provide for acceleration of vesting of outstanding equity awards upon the occurrence of a change in control.

Cimarex assumed the change in control provisions from the now-expired employment agreements between each of Messrs. Albi, Bell, and Jorden and a predecessor company. The assumed portion of each agreement provides that if the executive is terminated without cause within two years following a change in control event (as defined in the agreement), the executive is entitled to a lump-sum payment equal to two times the executive's base salary at the time of the change in control. Benefits payable under these agreements are forfeited if the executive receives benefits under any other change in control plan, including Cimarex's Change in Control Severance Plan. As a practical matter, the change in control benefits assumed under the employment agreements only benefit these executives if the Change in Control Severance Plan described above has been terminated. The Change in Control Severance Plan provides for greater benefits payable upon the occurrence of a change in control event than those payable under the assumed agreements.

### Retirement Benefits

Employees, including the NEOs, are eligible to participate in the Cimarex 401(k) defined contribution retirement plan ( 401(k) Plan ). Cimarex matches dollar-for-dollar employee contributions to the 401(k) Plan up to 7% of the employee's cash compensation, subject to limits imposed by the Internal Revenue Code. The Board is authorized to make profit-sharing contributions under the 401(k) Plan. In February 2016, the Board determined that no profit-sharing contribution would be made due to the Company's loss in 2015.

In addition, eligible participants, including the NEOs, may participate in the Supplemental Savings Plan, which is a non-qualified deferred compensation plan that permits participants to make contributions (and to receive matching contributions) in excess of the Internal Revenue Code limitations for 401(k) plans. See *Compensation Tables, 2015 Nonqualified Deferred Compensation* for information about contributions to the Supplemental Savings Plan. The Compensation and Governance Committee administers this plan and designates who may participate. Benefits are paid upon the later to occur of termination of employment or the time elected by the participant. In the event of a change in control, each participant receives a lump sum cash payment of the amount allocated to his or her account.

On August 17, 2015, the Company entered into an agreement ( Succession Agreement ) with Mr. Korus, Cimarex's former CFO, in connection with his retirement effective September 1, 2015. See below *Potential Payments Upon Change in Control or Termination*.

### Perquisites

We provide a limited number of perquisites (personal benefits) to our NEOs, including financial and estate planning. Our corporate aircraft is generally not available for personal use by any employee. With the authorization of our CEO, however, the corporate aircraft may be used by an employee or a member of his/her family for medical purposes. The incremental cost for non-business use of our corporate aircraft, if any, is disclosed in the *Summary Compensation Table*. We use the Standard Industry Fare Level tables published by the Internal Revenue Service to determine the amount of compensation income that is imputed to the employee for tax purposes for personal use of corporate aircraft. There was no non-business use of our corporate aircraft during 2015.

Table of Contents

## **Other Compensation Policies**

### **Total Pay Considerations**

The Compensation and Governance Committee considers Total Direct Compensation at the time it makes a decision on any element of executive compensation. The Compensation and Governance Committee also reviews the relationship of the CEO's total compensation to the total compensation of each of the other NEOs.

### **Stock Ownership and Holding Requirements**

Our Corporate Governance Guidelines require that each independent Director own Cimarex stock in an amount equal to three times his or her annual cash retainer. In addition, the CEO is expected to own Cimarex shares in an amount equal to five times his annual base salary, and each executive officer who reports to the CEO is expected to own stock in an amount equal to three times his or her annual base salary. A newly elected Director or a newly appointed executive officer has three years from the date of his or her initial election or appointment to comply with the Guidelines. Restricted stock, restricted stock units, deferred compensation units and performance awards are counted in calculating ownership. Shares subject to options are not counted. Each of the independent Directors, the CEO and the other NEOs comply with these guidelines.

### **Clawback Policy**

We have adopted a clawback policy providing that, in the event of an accounting restatement due to material noncompliance with financial reporting requirements under the U.S. federal securities laws, the Compensation and Governance Committee has the right to use reasonable efforts to recover from any of our current or former executive officers who received incentive-based compensation related to the restatement and received during the three-year period preceding any such accounting restatement. This policy applies to incentive-based compensation granted on or after June 1, 2012. This clawback policy will be interpreted in the best judgment of the Compensation and Governance Committee in a manner consistent with any applicable rules or regulations adopted by the SEC or the NYSE as contemplated by the Dodd-Frank Act.

### **Non-Hedging and Non-Pledging Policies**

Our insider trading policy prohibits Directors, officers and designated employees from engaging in hedging or monetization transactions, and other employees are strongly discouraged from engaging in such transactions. Any other employee wishing to enter into such an arrangement must first submit the proposed transaction for approval by the compliance officer designated in the policy. The policy also prohibits Directors, officers and employees from holding Cimarex stock in a margin account or pledging Cimarex stock as collateral for a loan.

### **Tax Law Considerations**

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The Compensation and Governance Committee considers the impact of applicable tax laws with respect to executive compensation. Section 162(m) of the Internal Revenue Code of 1986, as amended, ( Section 162(m) ) limits the amount of compensation that Cimarex may deduct on its federal income tax return for compensation paid to certain executive officers to no more than \$1 million per year. There are exceptions to the \$1 million limitation for performance-based compensation meeting certain requirements. The performance-based portion of our restricted stock awards are the only element of executive compensation designed to qualify for the performance-based exception to the \$1 million deduction limit, provided additional requirements are met. The Compensation and Governance Committee attempts to preserve the deductibility of compensation paid to executive officers, but does not limit executive compensation to amounts deductible under Section 162(m).



Table of Contents

**COMPENSATION AND GOVERNANCE COMMITTEE REPORT**

The Compensation and Governance Committee has reviewed and discussed with management the preceding Compensation Discussion and Analysis section of Cimarex's 2016 proxy statement. Based on our review and discussions, we have recommended to the Board of Directors that the Compensation Discussion and Analysis be included in Cimarex's 2016 proxy statement.

THE COMPENSATION AND GOVERNANCE COMMITTEE

L. Paul Teague, Chairman

Hans Helmerich

David A. Hentschel

Floyd R. Price

Table of Contents**COMPENSATION TABLES****SUMMARY COMPENSATION TABLE**

The following table describes 2013-2015 compensation of our CEO, CFO and the three other most highly compensated executive officers. In compliance with SEC interpretations, the table also discloses 2013-2015 compensation of Paul Korus, our former CFO, who retired in September 2015.

| Name and Principal Position  | Year | Salary     | Bonus | Stock Awards(1) | Option Awards | Non-Equity Incentive Plan Comp.(2) | All Other Comp.(3) | Total        |
|--|------|------------|-------|-----------------|---------------|------------------------------------|--------------------|--------------|
| Thomas E. Jorden<br>Chief Executive<br>Officer, President,<br>and Chairman of the<br>Board (CEO)<br>(Principal Executive<br>Officer) | 2015 | \$ 870,750 | \$    | \$ 6,424,530    | \$            | \$ 435,375                         | \$ 59,481          | \$ 7,790,136 |
|  | 2014 | \$ 845,048 | \$    | \$ 7,143,522    | \$            | \$ 740,138                         | \$ 56,776          | \$ 8,785,484 |
|  | 2013 | \$ 751,616 | \$    | \$ 4,785,000    | \$            | \$ 1,620,000                       | \$ 58,975          | \$ 7,215,591 |
| G. Mark Burford(4)<br>Vice President<br>and Chief Financial<br>Officer (CFO)<br>(Principal Financial<br>Officer)                     | 2015 | \$ 342,279 | \$    | \$ 2,250,000    | \$            | \$ 156,000                         | \$ 47,340          | \$ 2,795,619 |
| Joseph R. Albi<br>Executive Vice<br>President Operations,<br>Chief Operating<br>Officer  | 2015 | \$ 561,600 | \$    | \$ 3,200,000    | \$            | \$ 225,000                         | \$ 58,053          | \$ 4,044,653 |
|  | 2014 | \$ 552,462 | \$    | \$ 3,473,436    | \$            | \$ 477,360                         | \$ 54,187          | \$ 4,557,445 |
|  | 2013 | \$ 523,077 | \$    | \$ 3,190,000    | \$            | \$ 930,000                         | \$ 48,440          | \$ 4,691,517 |
| Stephen P. Bell<br>Executive Vice<br>President Business<br>Development   | 2015 | \$ 467,625 | \$    | \$ 2,850,000    | \$            | \$ 163,000                         | \$ 75,195          | \$ 3,555,820 |
|  | 2014 | \$ 453,822 | \$    | \$ 2,952,396    | \$            | \$ 397,481                         | \$ 45,358          | \$ 3,849,057 |
|  | 2013 | \$ 428,654 | \$    | \$ 2,791,250    | \$            | \$ 750,000                         | \$ 56,436          | \$ 4,026,340 |
| John A. Lambuth<br>Senior Vice<br>President Exploration  | 2015 | \$ 427,168 | \$    | \$ 3,050,000    | \$            | \$ 156,000                         | \$ 51,803          | \$ 3,684,971 |
|  | 2014 | \$ 398,149 | \$    | \$ 3,299,756    | \$            | \$ 352,856                         | \$ 643,695(5)      | \$ 4,694,456 |
|  | 2013 | \$ 368,654 | \$    | \$ 2,791,250    | \$            | \$ 645,000                         | \$ 48,440          | \$ 3,853,344 |
| Paul Korus<br>Former Senior<br>Vice President Chief<br>Financial Officer   | 2015 | \$ 331,430 | \$    | \$              | \$            | \$ 324,107(6)                      | \$ 69,703          | \$ 725,240   |
|  | 2014 | \$ 480,169 | \$    | \$ 2,952,396    | \$            | \$ 413,236                         | \$ 43,695          | \$ 3,889,496 |
|  | 2013 | \$ 463,539 | \$    | \$ 2,791,250    | \$            | \$ 750,000                         | \$ 48,440          | \$ 4,053,229 |

(Former CFO)  
(Former Principal  
Financial Officer)

Table of Contents

(1) Represents the grant date fair value of the awards, which is an estimate of aggregate compensation cost to be recognized over the service period based on the probable outcome of the performance conditions and is an estimate of aggregate compensation cost to be recognized over the service period determined as of the grant date under FASB ASC Topic 718. The awards are valued as market-based awards using the Monte Carlo simulation method assuming a target number of shares that would be issued because this is deemed to be the probable payout percentage at the time of grant consistent with the estimate of aggregate compensation cost to be recognized over the service period. Actual payouts with respect to the awards can range from 50 percent to 100 percent of the award based on the relative ranking of the company's TSR in comparison to the peer group over the three-year performance period. If the company's performance results in 100% of the award being paid, the grant date fair value of the maximum number of shares for each of the NEOs pursuant to the awards granted in 2015 based on the closing price of the company's common stock on the December 9, 2015 date of grant would have been as follows: Mr. Jorden \$7,680,879; Mr. Burford \$2,690,032; Mr. Albi \$3,825,802; Mr. Bell \$3,407,311; and Mr. Lambuth \$3,646,404.

(2) Amount reported for the year earned.

(3) The following describes the components of other items of compensation, including any perquisite in excess of \$10,000:

| Thomas E. Jorden, CEO |    |    |        |    |        |           |
|-----------------------|----|----|--------|----|--------|-----------|
| 2015                  | \$ | \$ | 36,000 | \$ | 23,481 | \$ 59,481 |
| 2014                  | \$ | \$ | 40,200 | \$ | 3,495  | \$ 56,776 |
| 2013                  | \$ | \$ | 45,200 | \$ | 3,240  | \$ 58,975 |

| Joseph R. Albi, COO |    |    |        |    |        |           |
|---------------------|----|----|--------|----|--------|-----------|
| 2015                | \$ | \$ | 36,000 | \$ | 22,053 | \$ 58,053 |
| 2014                | \$ | \$ | 40,200 | \$ | 3,495  | \$ 54,187 |
| 2013                | \$ | \$ | 45,200 | \$ | 3,240  | \$ 48,440 |

| John A. Lambuth, SVP |    |    |        |    |        |            |
|----------------------|----|----|--------|----|--------|------------|
| 2015                 | \$ | \$ | 36,000 | \$ | 15,803 | \$ 51,803  |
| 2014                 | \$ | \$ | 40,200 | \$ | 3,495  | \$ 643,695 |
| 2013                 | \$ | \$ | 45,200 | \$ | 3,240  | \$ 48,440  |

(4) This is the first year Mr. Burford is included as CFO in the Summary Compensation Table. Therefore, information is reported only for the 2015 fiscal year.

(5) Includes a payment of \$600,000 to Mr. Lambuth on June 1, 2014 pursuant to a retention agreement entered into with Mr. Lambuth in 2010, prior to his becoming a NEO, which was payable if Mr. Lambuth remained employed through June 1, 2014.

(6) Represents the payment of the pro-rata portion of Mr. Korus' target bonus upon his retirement on September 1, 2015. See *Potential Payments Upon Change in Control or Termination Severance Arrangements for Former CFO*.

Table of Contents**2015 GRANTS OF PLAN-BASED AWARDS****2015 Non-Equity Incentive Plan**

The following table describes the target and maximum amounts of annual cash incentive awards for the NEOs and the actual award paid in March 2016 for 2015 services. The non-equity incentive plan provides for no minimum (threshold) award. The amounts listed in the *Target* column represent 100% of the year-end monthly base salary annualized. The amounts listed in the *Maximum* column represent 200% of the year-end monthly base salary annualized. See the description of our annual cash incentive award plan in *Section 1, Compensation Discussion and Analysis*.

**Estimated Future Payouts Under****Non-Equity Incentive Plan**

| <u>Name</u>           | <u>Threshold</u> | <u>Target</u> | <u>Maximum</u> | <u>Actual Award Paid in March 2016</u> |
|-----------------------|------------------|---------------|----------------|--|
| Thomas E. Jorden, CEO | \$ 0             | \$ 870,750    | \$ 1,741,500   | \$ 435,375                             |
| Joseph R. Albi, COO   | \$ 0             | \$ 561,600    | \$ 1,123,200   | \$ 225,000                             |
| John A. Lambuth, SVP  | \$ 0             | \$ 436,000    | \$ 872,000     | \$ 156,000                             |

(1) Mr. Korus retired effective September 1, 2015 and received a pro rata share of his target bonus pursuant to a Succession Agreement entered into in connection with his retirement. See *Potential Payments Upon Change in Control or Termination Severance Arrangements for Former CFO*.

**2015 Equity Incentive Plan Awards**

The following table provides information regarding the awards of restricted stock and options made to the NEOs in 2015. No option awards were made in 2015. See *Section 1, Compensation Discussion and Analysis, Long Term Equity Incentive Award Program*, for more information about these awards.

| <u>Name</u>           | <u>Type of Award(1)</u> | <u>Award Grant Date</u> | <u>Comp. Comm. Approval Date</u> | <u>Estimated Future Payouts Under Equity Incentive Plan Awards</u> |                  |                | <u>Grant Date Fair Value of Stock &amp; Option Awards(4)</u> |
|-----------------------|-------------------------|-------------------------|----------------------------------|--|------------------|----------------|--|
|                       |                         |                         |                                  | <u>Threshold(2)</u>  | <u>Target(3)</u> | <u>Maximum</u> |  |
| Thomas E. Jorden, CEO | RSA                     | 12/9/15                 | 12/9/15                          | 36,863   | None             | 73,727         | \$ 6,424,530   |
| G. Mark Burford, CFO  | RSA                     | 12/9/15                 | 12/9/15                          | 12,910   | None             | 25,821         | \$ 2,250,000   |
| Joseph R. Albi, COO   | RSA                     | 12/9/15                 | 12/9/15                          | 18,361   | None             | 36,723         | \$ 3,200,000   |
| Stephen P. Bell, EVP  | RSA                     | 12/9/15                 | 12/9/15                          | 16,353   | None             | 32,706         | \$ 2,850,000   |

Table of Contents

|                        |     |         |         |        |        |              |
|------------------------|-----|---------|---------|--------|--------|--------------|
| John A. Lambuth, SVP   | RSA | 12/9/15 | 12/9/15 | 17,500 | 35,001 | \$ 3,050,000 |
| Paul Korus, Former CFO |     |         |         |        |        |              |

- (1) RSA = Restricted stock (service-based and performance-based shares).
- (2) One-half of the total potential award will vest on completion of continuous service on the third anniversary of the grant date of the award.
- (3) Terms of the awards do not specify a targeted number of shares. The number of shares that are earned depends on Cimarex's stock price performance relative to peers and is not computed until the third anniversary of the grant date of the award. See *Long-Term Equity Incentive Award Program* for the method of computing the number of shares that vest. Cash dividends will be paid on the threshold number of shares during the vesting period and accrued during the vesting period on the remaining number of shares that are subject to measurement of relative TSR upon satisfaction of the continuous service requirement.
- (4) Represents an estimate of the fair value of the shares as of the grant date utilizing a Monte Carlo valuation technique as permitted by the guidance provided by FASB ASC Topic 718. The estimated fair value is the aggregate compensation cost to be recognized over the service period based on the results of the Monte Carlo analysis. The awards are valued as market-based awards assuming a target number of shares would be issued because this is deemed to be the probable payout percentage at the time of grant consistent with the estimate of aggregate compensation cost to be recognized over the service period.

**OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2015**

|                        | STOCK AWARDS                                      |                                    |
|------------------------|---|------------------------------------|
|                        | Equity Incentive Plan Awards That Have Not Vested |                                    |
| Name                   | No. of Shares                                     | Market Value of Unearned Shares(1) |
| Thomas E. Jorden, CEO  | 219,566(2)  | \$ 19,624,809                      |
| G. Mark Burford, CFO   | 41,321(3)   | \$ 3,693,271                       |
| Joseph R. Albi, COO    | 118,461(4)  | \$ 10,588,044                      |
| Stephen P. Bell, EVP   | 103,183(5)  | \$ 9,222,497                       |
| John A. Lambuth, SVP   | 117,652(6)  | \$ 10,515,736                      |
| Paul Korus, Former CFO | 21,905(7)   | \$ 1,957,869                       |

(1) The amount in this column reflects the closing market price of the stock as of December 31, 2015 (\$89.38) multiplied by the number of shares reported in the previous column.



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(2) A minimum of 30,000 and a maximum of 60,000 shares could vest on December 12, 2016, between a minimum of 42,919 and a maximum of 85,839 shares could vest on December 10, 2017, and between a minimum of 36,863 and a maximum of 73,727 shares could vest on December 9, 2018.

(3) 3,500 shares will vest on July 13, 2016, 4,000 shares will vest on July 13, 2017, 4,500 shares will vest on July 15, 2018, 3,500 shares will vest on July 31, 2019, and a minimum of 12,910 and a maximum of 25,821 shares could vest on December 9, 2018.

(4) A minimum of 20,000 and a maximum of 40,000 shares could vest on December 12, 2016, between a minimum of 20,869 and a maximum of 41,738 shares could vest on December 10, 2017, and between a minimum of 18,361 and a maximum of 36,723 shares could vest on December 9, 2018.

Table of Contents

- (5) A minimum of 17,500 and a maximum of 35,000 shares could vest on December 12, 2016, between a minimum of 17,738 and a maximum of 35,477 shares could vest on December 10, 2017, and between a minimum of 16,353 and a maximum of 32,706 shares could vest on December 9, 2018.
- (6) 4,000 shares will vest on July 13, 2016, 4,000 shares will vest on July 13, 2017, a minimum of 17,500 and a maximum of 35,000 shares could vest on December 12, 2016, between a minimum of 19,825 and a maximum of 39,651 shares could vest on December 10, 2017, and between a minimum of 17,500 and a maximum of 35,001 shares could vest on December 9, 2018.
- (7) Up to 12,738 shares will vest on December 12, 2016 and up to 9,167 shares will vest on December 10, 2017.

**2015 OPTION EXERCISES AND RESTRICTED STOCK VESTED**

| Name                   | 2015 OPTION EXERCISES                     |                                 | 2015 STOCK VESTING                       |                                |
|------------------------|---|---------------------------------|--|--------------------------------|
|                        | Number of Shares Acquired on Exercise (#) | Value Realized on Exercise (\$) | Number of Shares Acquired on Vesting (#) | Value Realized on Vesting (\$) |
| Thomas E. Jorden, CEO  | 25,000                                    | \$ 2,741,987                    | 59,692                                   | \$ 6,826,974                   |
| G. Mark Burford, CFO   |   | \$                              | 14,000                                   | \$ 1,565,680                   |
| Joseph R. Albi, COO    | 25,000                                    | \$ 2,890,000                    | 44,770                                   | \$ 5,120,345                   |
| Stephen P. Bell, EVP   | 25,000                                    | \$ 2,890,151                    | 37,308                                   | \$ 4,266,916                   |
| John A. Lambuth, SVP   |   | \$                              | 28,000                                   | \$ 2,956,960                   |
| Paul Korus, Former CFO |   | \$                              | 59,213                                   | * \$ 6,616,227*                |

\* Includes accelerated vesting of a portion of restricted stock awards held by Mr. Korus upon his retirement on September 1, 2015. See *Potential Payments Upon Change in Control or Termination Severance Arrangements for Former CFO*.

**2015 NONQUALIFIED DEFERRED COMPENSATION**

The following table provides information on the Supplemental Savings Plan (the "SSP") contributions and earnings for our NEOs in each of the last three fiscal years. Under the terms of the SSP, a participant may make an elective contribution to the SSP of an amount that exceeds the maximum amount permitted to be contributed to his account in the Cimarex 401(k) Plan (an "excess contribution") provided that the excess contribution does not exceed the dollar limitation on elective deferrals under the Internal Revenue Code section 402(g) in effect on January 1st of the calendar year of deferral (2015 limitation was \$18,000). Cimarex will match 100% of the excess contributions up to 7% of a participant's eligible compensation. A participant also may elect to have up to 50% of his or her compensation and up to 100% of his or her bonus withheld from his or her compensation and allocated to his SSP account. Cimarex does not match these contributions.

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| Name                  | Executive Contributions in Last FY(1) (\$) | Registrant Contributions in Last FY(2) (\$) | Aggregate Earnings in Last FY (\$) | Aggregate Withdrawals/ Distributions (\$) | Aggregate Balance at Last FYE (\$) |
|-----------------------|--|---|------------------------------------|---|------------------------------------|
| Thomas E. Jorden, CEO |  |   |                                    |   |                                    |
| 2015                  | \$ 18,000                                  | \$ 18,000                                   | \$ 699                             | \$  | 651,318(3)                         |
| 2014                  | \$ 17,500                                  | \$ 17,500                                   | \$ 327                             | \$  | 615,042                            |
| 2013                  | \$ 17,500                                  | \$ 17,500                                   | \$ 173                             | \$  | 580,126                            |
| G. Mark Burford, CFO  |  |   |                                    |   |                                    |
| 2015                  | \$ 18,000                                  | \$ 18,000                                   | \$ <2,684>                         | \$  | 182,879                            |

Table of Contents

## Joseph R. Albi, COO

|      |    |        |    |        |    |          |    |    |            |
|------|----|--------|----|--------|----|----------|----|----|------------|
| 2015 | \$ | 18,000 | \$ | 18,000 | \$ | <10,588> | \$ | \$ | 516,842(3) |
| 2014 | \$ | 17,500 | \$ | 17,500 | \$ | 30,552   | \$ | \$ | 491,853    |
| 2013 | \$ | 17,500 | \$ | 17,500 | \$ | 73,828   | \$ | \$ | 426,712    |

## Stephen P. Bell, EVP

|      |    |        |    |        |    |        |    |    |            |
|------|----|--------|----|--------|----|--------|----|----|------------|
| 2015 | \$ | 18,000 | \$ | 18,000 | \$ | <691>  | \$ | \$ | 647,702(3) |
| 2014 | \$ | 17,500 | \$ | 17,500 | \$ | 321    | \$ | \$ | 611,434    |
| 2013 | \$ | 17,500 | \$ | 17,500 | \$ | 38,093 | \$ | \$ | 576,524    |

## John A. Lambuth, SVP

|      |    |        |    |        |    |        |    |    |            |
|------|----|--------|----|--------|----|--------|----|----|------------|
| 2015 | \$ | 18,000 | \$ | 18,000 | \$ | 55     | \$ | \$ | 440,450(3) |
| 2014 | \$ | 17,500 | \$ | 17,500 | \$ | 18,916 | \$ | \$ | 404,818    |
| 2013 | \$ | 17,500 | \$ | 17,500 | \$ | 33,445 | \$ | \$ | 351,313    |

## Paul Korus, Former CFO

|      |    |         |    |        |    |         |    |    |            |
|------|----|---------|----|--------|----|---------|----|----|------------|
| 2015 | \$ | 94,189  | \$ | 18,000 | \$ | <2,492> | \$ | \$ | 959,311(3) |
| 2014 | \$ | 140,517 | \$ | 17,500 | \$ | 83,908  | \$ | \$ | 850,037    |
| 2013 | \$ | 63,854  | \$ | 17,500 | \$ | 142,102 | \$ | \$ | 608,523    |

(1) The amounts included in this column also are included in the *Salary* column in the *Summary Compensation Table*.

(2) The amounts reported in this column also are included in the *All Other Compensation* column and footnote 3 thereto in the *Summary Compensation Table*.

(3) The following table sets forth amounts included in the aggregate balance at December 31, 2015 that were reported as compensation to the NEO in the Summary Compensation Table for previous years.

| Named Executive Officer | Amount of Previously  |         |
|-------------------------|-----------------------|---------|
|                         | Reported Compensation |         |
| Thomas E. Jorden, CEO   | \$                    | 548,464 |
| G. Mark Burford, CFO    | \$                    | NA      |
| Joseph R. Albi, COO     | \$                    | 357,994 |
| Stephen P. Bell, EVP    | \$                    | 437,348 |
| John A. Lambuth, SVP    | \$                    | 309,858 |
| Paul Korus, Former CFO  | \$                    | 627,195 |

**POTENTIAL PAYMENTS UPON CHANGE IN CONTROL OR TERMINATION**

We do not consider post-termination benefits as a material element of executive compensation because NEO post-termination benefits are the same benefits available to all full-time employees. Post-termination benefits are not included in the Compensation and Governance Committee's analysis of total compensation.

We are obligated to make certain payments to employees, including our NEOs, or to accelerate the vesting of their equity awards pursuant to the following plans and agreements:

- Change in Control Severance Plan that covers all full-time employees, including the NEOs;
- 2002 Stock Incentive Plan, 2011 Equity Incentive Plan and 2014 Equity Incentive Plan that govern all equity awards made to Directors and employees, including the NEOs;

Table of Contents

- Change in control provisions for the benefit of Messrs. Albi, Bell, and Jorden, as assumed by Cimarex; and
- Supplemental Savings Plan.

Our change in control arrangements keep our senior executives focused on pursuing all corporate transaction activity that is in the best interests of shareholders regardless of whether those transactions may result in their own job losses. Uncertainty created by a corporate transaction can create retention risk for a company. In addition, change in control protection is often needed to retain and attract, when appropriate, the best talent because many of the companies with whom we compete for talent provide change in control protection.

We do not have a formal program to pay severance benefits nor do our equity award agreements provide for acceleration of equity awards upon the retirement of the NEOs. In connection with the retirement of Paul Korus as CFO effective September 1, 2015, we entered into a Succession Agreement with Mr. Korus pursuant to which he was paid certain amounts and had certain equity awards accelerated. See *Severance Arrangements with Former CFO* below.

**Change in Control**

We are obligated under certain agreements to pay benefits upon a *change in control* event. Cimarex's definition of *change in control* as used in its 2002 Stock Incentive Plan, its 2011 Equity Incentive Plan and its 2014 Equity Incentive Plan, its Change in Control Severance Plan and the change in control provisions that survived certain expired employment agreements with each NEO are the same. In summary, a change in control event means any of the following:

- Acquisition of 30% or more of the shares of our outstanding common stock or the combined voting power of voting securities of Cimarex by an individual or group;
- Members of our Board of Directors, or Directors nominated by those Directors, cease to constitute a majority of the Directors during any period of twelve months;
- A reorganization, share exchange or merger unless (i) the shareholders prior to the reorganization or merger continue to own more than 40% of the outstanding common stock and combined voting power of the resulting corporation following the reorganization or merger; and (ii) at least a majority of the members of the Board of the corporation resulting from the merger or reorganization were members of the Board at the time of executing the agreement to reorganize or merge; or
- The complete liquidation or dissolution of Cimarex or the sale of all or substantially all of its assets.

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The following is a summary of those agreements that provide for payment to the NEOs in the event of a change in control event coupled with termination of employment without cause:

### *Change in Control Termination Without Cause*

Our Change in Control Plan provides for the payment of severance benefits to all active employees in the event of termination following a change in control. In the event of a change in control, if an employee is terminated for any reason other than cause (as defined in the Plan) within two years following a change in control, that employee would be entitled to:

- Cash severance payments of up to two years salary and cash incentive award;
- A pro rata portion of the annual cash incentive bonus award otherwise payable for the year of termination; and
- Continued medical, dental, disability and life insurance benefits for two years.

We assumed from a predecessor company the change in control provisions from the now-expired employment agreements of each of Messrs. Albi, Bell, and Jorden with such company. Each agreement provides that if the executive is terminated without cause within two years following a change in control event (as defined in the agreement), the executive is entitled to a lump-sum payment equal to two times the executive's base salary at the time of the change in control. Benefits payable under these agreements are forfeited if the executive receives benefits under any other change in control plan, including the Cimarex Change in Control Severance Plan. As a practical matter, the change in control benefits assumed under the employment

Table of Contents

agreements only benefit these executives if the Change in Control Severance Plan described above has been terminated. The Change in Control Severance Plan provides for greater benefits payable upon the occurrence of a change in control event than those payable under the assumed agreements.

*Change in Control No Termination*

Our 2002 Stock Incentive Plan, our 2011 Equity Incentive Plan, and our 2014 Equity Incentive Plan provide for acceleration of vesting of equity awards in the event of a change in control.



Table of Contents**Termination of Employment***Death or Disability*

The award agreements for grants of equity under the 2002 Stock Incentive Plan, and the provisions of the 2011 Equity Incentive Plan and 2014 Equity Incentive Plan, provide for acceleration of vesting of awards in the event of death or disability. Benefits under the Supplemental Savings Plan also are paid upon death or disability.

*Termination Without Cause*

Benefits under the Supplemental Savings Plan are payable to each NEO upon termination of employment.

**Estimated Benefits upon Various Termination Scenarios**

Payments upon a change in control or termination of employment include various elements of compensation. The elements of compensation that may be included in a change in control or severance payment are:

|                       | (A)                                 |           | (B)               |         | (C)                       |            | (D)                     |         | (E)               |         |
|-----------------------|-------------------------------------|-----------|-------------------|---------|---------------------------|------------|-------------------------|---------|-------------------|---------|
|                       | ANNUAL AVERAGE CASH COMPENSATION(1) |           | CASH INCENTIVE(2) |         | LONG TERM AWARD PAYOUT(3) |            | SUPPLEMENTAL SAVINGS(4) |         | OTHER BENEFITS(5) |         |
| Thomas E. Jorden, CEO | \$                                  | 3,191,311 | \$                | 435,375 | \$                        | 18,031,686 | \$                      | 651,318 | \$                | 102,430 |
| G. Mark Burford, CFO  | \$                                  | 1,023,279 | \$                | 156,000 | \$                        | 2,453,339  | \$                      | 182,879 | \$                | 73,324  |
| Joseph R. Albi, COO   | \$                                  | 1,816,422 | \$                | 225,000 | \$                        | 9,796,974  | \$                      | 516,842 | \$                | 83,211  |
| Stephen P. Bell, EVP  | \$                                  | 1,481,928 | \$                | 163,000 | \$                        | 8,517,333  | \$                      | 647,702 | \$                | 61,015  |
| John A. Lambuth, SVP  | \$                                  | 1,334,173 | \$                | 156,000 | \$                        | 9,763,042  | \$                      | 440,450 | \$                | 87,073  |

(1) Amount represents two times the annual average compensation (salary and cash incentive bonus) paid to the executive for 2014 and 2015, as provided in the Change in Control Severance Plan.

(2) Amount represents the average incentive bonus as provided in the Change in Control Severance Plan. This is the actual approved bonus for 2015.

(3) Amount represents the value of accelerated vesting of restricted stock and options based upon the closing price of Cimarex's common stock as of December 31, 2015 of \$89.38 per share.

(4) Amount represents estimated payments under the Supplemental Savings Plan.

(5) Amount represents the estimated value of continued medical, dental, disability and life insurance benefits for two years as provided in the Change in Control Severance Plan.

The following table provides the estimated compensation and present value of benefits potentially payable to each NEO in the event of a change in control or termination under various circumstances. The amounts shown assume that the termination or change in control occurred on December 31, 2015. The actual amounts to be paid only can be determined at the time of the executive's actual separation from Cimarex or the occurrence of a change in control. Actual payments may be more or less than the amounts described below. In addition, the company may enter into new arrangements or modify these arrangements, from time to time.

Table of Contents

The following describes potential payments to the NEOs in the event of a change in control or termination under various scenarios.

| NAME                  | TERMINATION WITHOUT CAUSE (D)(1) |         | TERMINATION AS A RESULT OF DEATH OR DISABILITY (C)(D)(1) |            | CHANGE IN CONTROL (No Termination) (C)(1) |            | TERMINATION ON CHANGE IN CONTROL (A+B+C+D+E)(1) |            |
|-----------------------|----------------------------------|---------|--|------------|---|------------|---|------------|
|                       | \$                               |         | \$   |            | \$  |            | \$  |            |
| Thomas E. Jorden, CEO | \$                               | 651,318 | \$   | 18,683,003 | \$  | 18,031,686 | \$  | 22,412,119 |
| G. Mark Burford, CFO  | \$                               | 182,879 | \$   | 2,636,219  | \$  | 2,453,339  | \$  | 3,888,822  |
| Joseph R. Albi, COO   | \$                               | 516,842 | \$   | 10,313,816 | \$  | 9,796,974  | \$  | 12,438,450 |
| Stephen P. Bell, EVP  | \$                               | 647,702 | \$   | 9,165,035  | \$  | 8,517,333  | \$  | 10,870,978 |
| John A. Lambuth, SVP  | \$                               | 440,450 | \$   | 10,203,492 | \$  | 9,763,042  | \$  | 11,780,738 |

(1) The alphabetical code refers to the elements of compensation that may be included in a change in control or severance payment as described at the beginning of this section, *Estimated Benefits upon Various Termination Scenarios*.

## SEVERANCE ARRANGEMENTS FOR FORMER CFO

On August 17, 2015, the Company entered into a Succession Agreement with Mr. Korus, Cimarex's former CFO. The Succession Agreement established terms related to his retirement and severance arrangements, including a pro-rata payment of Mr. Korus target bonus for 2015 and the acceleration of a portion of the outstanding unvested equity awards.

In approving the terms of the agreement, the Compensation and Governance Committee considered Mr. Korus' role as a founder of the Company, his length of service, his contributions to the Company, his succession planning and preparation of his successor to serve as Chief Financial Officer, and the recommendation of the CEO. The Committee also consulted its compensation consultant, which agreed with the recommendation of the CEO. After considering these matters, the Compensation and Governance Committee approved amending Mr. Korus' outstanding performance share awards covering an aggregate of up to 70,477 shares to allow 21,905 of the shares that vest based on continued employment to vest upon his retirement, to allow up to another 21,905 shares that vest based on performance to continue to vest on their original terms and vesting schedule after Mr. Korus' retirement, and to forfeit 26,667 shares upon retirement. The up to 21,905 shares that are performance based are at risk and may not vest if the Company's relative shareholder return does not meet the minimum vesting levels in the relevant performance periods. As a condition to these amendments to his awards, Mr. Korus agreed to a non-compete/non-solicitation agreement that would be in force during the remaining performance based vesting periods as well as agreements to keep Company information confidential, not to disparage the Company and to be available to assist the Company in connection with any audit, investigation or judicial, administrative, or arbitral proceeding involving matters within the scope of his duties with Cimarex. In addition, based on Mr. Korus' performance in 2015 and the Company's year-to-date performance with respect to its annual incentive goals at the time of approval of the Succession Agreement, the Compensation and Governance Committee approved the payment of 8/12ths of Mr. Korus' target bonus upon his retirement on September 1, 2015, an amount equal to \$324,107.

## DIRECTOR AND OFFICER INDEMNIFICATION AGREEMENTS

We have entered into an indemnification agreement with our Directors and certain officers. These agreements require us, among other things, to indemnify such persons against certain liabilities that may arise by reason of their status or service as Directors or officers, to advance their expenses incurred as a result of a proceeding for which they may be indemnified, and to cover them under any Directors and officers liability insurance policy that we choose, in our discretion, to maintain. These indemnification agreements are intended to provide indemnification rights to the fullest extent permitted under applicable Delaware law and will be in addition to any other rights that the indemnitee may have under our Restated Certificate of Incorporation, Bylaws, and applicable law.

## **ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION (ITEM 2)**

At the 2015 Annual Meeting of Shareholders, 98% of the votes cast were in favor of the advisory vote to approve executive compensation. In addition to the advisory vote, 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 Compensation

## Table of Contents

and Governance Committee carefully considers any feedback and routinely reviews executive compensation practices and governance.

The Compensation and Governance Committee considered the results of the advisory vote and the discussions with shareholders to convey our shareholders' support of the Committee's compensation decisions in 2014 and early 2015 and shareholders' overall satisfaction with Cimarex's executive compensation programs. Consistent with this support, the Compensation and Governance Committee retained the core design of our executive compensation programs for the remainder of 2015, as it believes the programs continue to retain, attract, when appropriate, and appropriately incent senior management.

At the 2016 Annual Meeting of Shareholders, we again will hold an annual advisory vote to approve executive compensation. The Compensation and Governance Committee will continue to consider the results from this year's and future advisory votes on executive compensation, as well as feedback from shareholders through the course of such year. A shareholder advisory vote will be held at the 2017 annual meeting to vote again on the frequency of the advisory vote to approve executive compensation, i.e., if the advisory vote should be held every one, two or three years.

Because your vote is advisory, it will not be binding upon the Board. However, the Board values shareholders' opinions, and the Compensation and Governance Committee will take into account the outcome of the vote when considering future executive compensation decisions. The Board recommends that shareholders vote FOR the following resolution:

RESOLVED, that the shareholders approve, on an advisory basis, the compensation of Cimarex's Named Executive Officers, as disclosed in this proxy statement, including the Compensation Discussion and Analysis, the executive compensation tables and the related narrative.

**The Board of Directors unanimously recommends a vote FOR the advisory vote to approve executive compensation.**

## **REPORT OF AUDIT COMMITTEE**

The Audit Committee on behalf of the Board of Directors monitors (i) the integrity of the Company's financial statements; (ii) the independent auditors' qualifications and independence; (iii) the performance of the Company's internal audit function and independent auditors; (iv) the appropriateness of the Company's accounting policies; (v) the adequacy of the Company's internal controls; (vi) the Company's compliance with legal and regulatory requirements related to audit matters; (vii) the process related to ongoing litigation matters, (viii) the annual process of estimating and reporting quantities of oil and gas reserves, and (ix) risk and oversight. In so doing, it is the responsibility of the Committee to maintain free and open communication between the directors, the independent auditor and the management of the Company. All members of the Audit Committee meet the independence, experience and financial literacy requirements of the New York Stock Exchange, the Sarbanes Oxley Act and any rules or regulations promulgated by the Securities and Exchange Commission. The Board of Directors has adopted a written charter for the Audit Committee, a copy of which is available on our website at [www.cimarex.com](http://www.cimarex.com).

Management is responsible for the Company's financial statements, the financial reporting process, and the process of estimating and reporting quantities of oil and gas reserves, including the related systems of internal controls and disclosure controls and procedures. The Company's independent registered public accounting firm is responsible for performing an independent audit of the Company's financial statements in accordance with generally accepted auditing standards and issuing a report thereon. The Audit Committee's responsibility is to monitor and oversee these processes and the Audit Committee uses the Company's internal audit department and (if applicable) independent petroleum engineers to

assist with these responsibilities.

The Audit Committee reviewed Cimarex's audited financial statements and supplemental oil and gas reserve information as of and for the year ended December 31, 2015 and met with management, DeGolyer and MacNaughton (an independent petroleum engineering consulting firm) and KPMG, Cimarex's independent registered public accounting firm, to discuss the related information, and the effectiveness of Cimarex's internal control over financial reporting. In addition, we have received from KPMG the communication required by Public Company Accounting Oversight Board (PCAOB) Rule 3526, Communication with Audit Committees Concerning Independence, and discussed with KPMG their independence from Cimarex and its management. The Audit Committee also discussed with KPMG any matters required by the PCAOB Auditing Standards No. 16, Communication with Audit Committees.

Table of Contents

Based on these reviews and discussions, the Audit Committee recommended to the Board of Directors that Cimarex's audited financial statements be included in Cimarex's Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

THE AUDIT COMMITTEE

Monroe W. Robertson, Chairman

Harold R. Logan, Jr.

Lisa A. Stewart

Michael J. Sullivan

The Audit Committee Report does not constitute soliciting material and shall not be deemed to be filed or incorporated by reference into any other Cimarex filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that Cimarex specifically incorporates the Audit Committee Report by reference.

## RATIFICATION OF INDEPENDENT AUDITORS (ITEM 3)

The Audit Committee of the Board has appointed KPMG LLP to audit our financial statements for 2016. Since October 1, 2002, KPMG LLP has served as our independent auditors.

We are asking that shareholders ratify the appointment of KPMG LLP as our independent auditors. If shareholders fail to ratify the appointment, the Audit Committee may reconsider this appointment. A KPMG LLP representative will be at the Annual Meeting to answer appropriate questions and to make a statement if he or she desires.

**The Board of Directors recommends a vote FOR the ratification of KPMG LLP as Cimarex's Independent Auditors for 2016.**

### Audit and Non-Audit Fees

The following table shows the fees for professional services rendered by KPMG LLP for the audit of Cimarex's annual financial statements for the years ended December 31, 2015 and December 31, 2014, and fees billed for other services rendered by KPMG LLP during those periods:

**Years Ended**

|                       | <u>December 31,</u> |              |
|-----------------------|---------------------|--------------|
|                       | <u>2015</u>         | <u>2014</u>  |
| Audit Fees(1)         | \$ 1,100,131        | \$ 1,142,844 |
| Audit-Related Fees(2) | \$ 99,940           | \$ 80,000    |
| Tax Fees(3)           | \$ 211,504          | \$ 174,420   |
| All Other Fees        | \$ 0                | \$ 0         |

(1) Audit fees were principally for audit work performed on the consolidated financial statements and internal controls over financial reporting.

(2) Audit-related fees were principally for services associated with SEC registration statements, periodic reports and other documents filed with the SEC or issued in connection with securities offerings, e.g., comfort letters and consents and assistance in responding to SEC comment letters.

(3) Tax fees were principally for services related to tax compliance and reporting and analysis services.

**Policy for Approval of Audit, Audit-Related and Tax Services**

The Audit Committee annually reviews and pre-approves certain categories of audit, audit-related and tax services to be performed by our independent auditors, subject to a specified range of fees. The Audit Committee also may pre-approve specific services. Certain non-audit services as specified by the SEC may not be performed by our independent auditors. The Audit Committee may delegate pre-approval authority to one or more of its members. In the event of any such delegation, any pre-approved decisions will be reported to the Audit Committee at its next scheduled meeting. The services described in the above table were pre-approved by the Audit Committee in 2014 and 2015.



Table of Contents

## **OTHER MATTERS**

### **Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Securities Exchange Act of 1934 requires our Directors and executive officers, and persons who own more than 10% of our common stock, to file reports of ownership of, and transactions in, our common stock with the SEC. Based on a review of such reports, and on written representations from our reporting persons, we believe that all reports were timely filed in 2015.

### **Complaint and Reporting Procedures**

We have established complaint and reporting procedures that are posted on our website at [www.cimarex.com](http://www.cimarex.com). Any person, whether or not an employee, who has a concern about the conduct of Cimarex or any of our employees, including accounting, internal accounting controls or auditing issues, may, in an anonymous manner, communicate that concern by calling our hotline, 1-866-519-1898. The hotline is available 24 hours a day, seven days a week. Comments will be typed verbatim and will be delivered to a representative with authority to investigate the concern.

**PROXY**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

**CIMAREX ENERGY CO.**

The undersigned appoints Thomas E. Jorden and Francis B. Barron as proxies, with power to act without the other and with power of substitution, and authorizes them to represent and vote, as designated on the other side, all the shares of common stock of Cimarex Energy Co. held of record by the undersigned with all powers that the undersigned would possess if present at the Annual Meeting of Shareholders to be held at the Hyatt Regency Tulsa, 100 East Second Street, Tulsa, Oklahoma 74103, on May 12, 2016, at 9:00 a.m., Central Daylight Time, or any adjournment thereof.

For participants in the Cimarex 401(k) Plan, this proxy, when properly executed, will be voted in the manner directed by the undersigned. If no direction is given, if the card is not signed, or if the card is not received prior to 11:59 p.m., Eastern Daylight Time, on May 9, 2016, the Plan's Trustee will vote your shares held in the Plan in the same proportion as shares were voted by other Plan participants.

**(Continued, and to be marked, dated and signed, on the other side)**

**p PLEASE DETACH ALONG PERFORATED LINE AND MAIL IN THE ENVELOPE PROVIDED. p**

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be held May 12, 2016.**

**The Proxy Statement and our 2015 Annual Report to Shareholders are available at: <http://www.allianceproxy.com/cimarex/2016>**

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**THIS PROXY WILL BE VOTED AS DIRECTED, OR, IF NO DIRECTION IS INDICATED, WILL BE VOTED FOR ALL THE NOMINEES LISTED UNDER ITEM 1 AND FOR ITEMS 2 AND 3. THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS.**

Please mark your votes like this **X**

The Board of Directors recommends a vote **FOR** all the nominees listed under Item 1 and **FOR** Items 2 and 3.

The Board of Directors recommends a vote **FOR** all the nominees listed below:

1. Election of one Class I director:

|                                       | <b>FOR</b> | <b>AGAINST</b> | <b>ABSTAIN</b> |
|---------------------------------------|------------|----------------|----------------|
| (01) Lisa A. Stewart                  | o          | o              | o              |
| Election of three Class II directors: |            |                |                |
| (02) Hans Helmerich                   | o          | o              | o              |
| (03) Harold R. Logan, Jr.             | o          | o              | o              |
| (04) Monroe W. Robertson              | o          | o              | o              |

The Board of Directors recommends you vote **FOR** the following Items:

|  | <b>FOR</b> | <b>AGAINST</b> | <b>ABSTAIN</b> |
|--|------------|----------------|----------------|
| 2. Advisory vote to approve executive compensation                         | o          | o              | o              |
| 3. Ratify the appointment of KPMG LLP as our independent auditors for 2016 | o          | o              | o              |

I plan on attending the meeting o

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

Signature

Signature (if held jointly)

Date: , 2016

**CONTROL NUMBER**

**p PLEASE DETACH ALONG PERFORATED LINE AND MAIL IN THE ENVELOPE PROVIDED. p**

## CIMAREX ENERGY CO.

As a shareholder of Cimarex Energy Co., you have the option of voting your shares electronically through the Internet or on the telephone, eliminating the need to return the proxy card. Your electronic vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed, dated and returned the proxy card. Votes submitted electronically over the Internet or by telephone must be received by 7:00 p.m., Eastern Time, on May 11, 2016.

**CONTROL NUMBER**

**PROXY VOTING INSTRUCTIONS**

Please have your 11 digit control number ready when voting by Internet or Telephone

**INTERNET**

**Vote Your Proxy on the Internet: Go to [www.cesvote.com](http://www.cesvote.com)**

Have your proxy card available when you access the above website. Follow the prompts to vote your shares.

**TELEPHONE**

**Vote Your Proxy by Phone:**

**Call 1 (888) 693-8683**

Use any touch-tone telephone to vote your proxy. Have your proxy card available when you call. Follow the voting instructions to vote your shares.

**MAIL**

**Vote Your Proxy by Mail:**

Mark, sign, and date your proxy card, then detach it, and return it in the postage-paid envelope provided.