

CIMAREX ENERGY CO  
Form DEF 14A  
March 30, 2018

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**SCHEDULE 14A**

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

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

**Cimarex Energy Co.**

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(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
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- (4) Proposed maximum aggregate value of transaction:
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      - (1) Amount Previously Paid:
      - (2) Form, Schedule or Registration Statement No.:
      - (3) Filing Party:
      - (4) Date Filed:
-

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1700 Lincoln Street, Suite 3700

Denver, CO 80203-4537

## NOTICE OF 2018 ANNUAL MEETING OF SHAREHOLDERS

<b>TIME AND DATE</b>	9:00 a.m. Central Daylight Time on Thursday, May 10, 2018
<b>PLACE</b>	Hyatt Regency Tulsa 100 East 2 <sup>nd</sup> Street Tulsa, Oklahoma 74103
<b>ITEMS OF BUSINESS</b>	Item 1. Election of Directors  Item 2. Advisory Vote to Approve Executive Compensation  Item 3. Ratification of Independent Auditors  Transact any other business that properly comes before the Meeting and any adjournment or postponement of the Meeting
<b>RECORD DATE</b>	March 14, 2018
<b>MAILING DATE TO SHAREHOLDERS</b>	March 30, 2018
<b>MATERIALS TO REVIEW</b>	This booklet contains our Notice of 2018 Annual Meeting and Proxy Statement. Our 2017 Annual Report is available on our website at <a href="http://www.cimarex.com">www.cimarex.com</a> .
<b>PROXY VOTING</b>	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 30, 2018

Francis B. Barron  
Corporate Secretary

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## VOTING INFORMATION

### WE WANT TO HEAR FROM YOU VOTE TODAY

It is important that you vote. Please carefully review the proxy materials for the 2018 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 61)	FOR
Ratification of Independent Auditors (page 63)	FOR

#### Advance Voting Methods

Even if you plan to attend the 2018 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 2018 Annual Meeting of Shareholders

All shareholders of record may vote in person at the 2018 Annual Meeting of Shareholders, which will be held on Thursday, May 10, 2018 at 9:00 a.m., Central Daylight Time, at the Hyatt Regency Tulsa, 100 East 2<sup>nd</sup> 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 three 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
Joseph R. Albi	59	2011	Executive Vice President Operations, Chief Operating Officer, Cimarex Energy Co.	No				0
Lisa A. Stewart	60	2015	Chairman, President, Chief Executive Officer and Chief Investment Officer, Sheridan Production Partners	Yes	X		X	0
Michael J. Sullivan	78	2002	Retired Senior Attorney, Lewis Roca Rothgerber LLP	Yes		X	X	0

\*

AC = Audit Committee, C/G = Compensation and Governance Committee and NOM = Nominating Committee. All independent directors serve on the Nominating Committee.

**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
Thomas Helmerich	59	2002	2019	Chairman and former CEO, Helmerich & Payne, Inc.	Yes		X	X	2
David A. Hentschel	84	2002	2020	Retired, former Chairman and CEO, Occidental Oil and Gas Corporation	Yes		X	X	0
Thomas E. Jordan	60	2011	2020	Chairman, CEO and President, Cimarex Energy Co.	No				0
Arnold R. Logan, Jr.	73	2009	2019	Independent Lead Director and Chair of Nominating Committee of	Yes	X		X	2

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David R. Price	69	2012	2020	Cimarex; Chairman, Suburban Propane Partners L.P. Chair of Compensation and Governance Committee of Cimarex; Retired, former executive officer, Apache Corporation Chair of Audit Committee of Cimarex;	Yes		X	X	1
Monroe W. Robertson	68	2005	2019	Retired, former President and Chief Operating Officer, Key Production Co.	Yes	X		X	0
Frances M. Vallejo	52	2017	2020	Retired, former Vice President, ConocoPhillips	Yes	X		X	0

\*

AC = Audit Committee, C/G = Compensation and Governance Committee and NOM = Nominating Committee. All independent directors serve on the Nominating Committee.

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**Governance Highlights** (page 21)

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, including restrictions on sales of shares until requirements are met

No tax gross-ups



Table of Contents**2017 Executive Compensation** (page 32)

Below is the 2017 compensation for each Named Executive Officer ("NEO") as determined under the Securities and Exchange Commission ("SEC") rules. See the notes accompanying the 2017 Summary Compensation Table on page 52 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. Jordan Chairman, Chief Executive Officer and President (Principal Executive Officer)	\$ 960,000	\$	\$ 8,000,000	\$	\$ 2,000,000	\$ 94,129	\$ 11,054,129
G. Mark Burford Vice President and Chief Financial Officer (Principal Financial Officer)	\$ 460,000	\$	\$ 2,900,000	\$	\$ 760,000	\$ 73,307	\$ 4,193,307
Joseph R. Albi Executive Vice President Operations, Chief Operating Officer	\$ 602,151	\$	\$ 3,400,000	\$	\$ 1,000,000	\$ 68,872	\$ 5,071,023
Stephen P. Bell Executive Vice President Business Development	\$ 498,459	\$	\$ 3,150,000	\$	\$ 850,000	\$ 68,186	\$ 4,566,645
John A. Lambuth Senior Vice President Exploration	\$ 495,791	\$	\$ 3,400,000	\$	\$ 900,000	\$ 61,081	\$ 4,856,872

**A Significant Portion of our CEO's 2017 Compensation is At Risk**

The accompanying graph illustrates our CEO's 2017 at-risk compensation. A significant portion of reported compensation is an incentive for future performance and realized only if Cimarex meets certain performance measures.

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**How CEO Pay is Tied to Cimarex's Performance** (page 46)

Our compensation programs are designed to align performance incentives with the long-term interests of our shareholders. The programs also provide competitive total direct compensation opportunities that retain, and attract when needed, executive talent and link compensation earned to achievement of short- and long-term financial and operational 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 36).

***2017 Financial and Operating Highlights***

Exploration and development expenditures increased 74% to \$1,281.1 million compared to \$734.8 million in 2016, while year-over-year average daily production increased 19% to 1,142.1 MMcfe per day.

While total production expense increased by approximately \$30.2 million, or 13%, from \$232.0 million in 2016 to \$262.2 million in 2017, our Operations group excelled at optimizing our production. As a result, our production expense per Mcfe declined almost 5% from \$0.66 per Mcfe in 2016 to \$0.63 per Mcfe in 2017, and declined 42% in 2017 compared to 2014.

We incurred no additional debt and had cash on hand of \$400.5 million at year-end 2017.

Year-over-year production revenues increased 53% to \$1.9 billion as revenues were positively affected by increased realized commodity prices as well as increased production, which resulted in net income of \$494.3 million in 2017 after losses in each of 2016 and 2015.

Cash flow provided by operating activities of \$1.1 billion was 75% higher than that of the prior year.

During 2017, our overall estimated proved reserves increased 16% after additions, positive and negative revisions, and production. We added 940.7 Bcfe of proved reserves through extensions and discoveries in the Mid-Continent and Permian Basin, where we added 282.9 Bcfe and 657.8 Bcfe, respectively. In addition, we had net negative revisions of previous estimates of 59.7 Bcfe. Revisions were comprised of an increase of 45.8 Bcfe for net positive performance revisions, a decrease of 43.9 Bcfe related to higher operating expenses, an increase of 187.2 Bcfe for positive revisions due to higher commodity prices, and a decrease of 248.8 Bcfe for the removal of proved undeveloped reserves, the development of which likely will be delayed beyond five years from our initial disclosure.

As a result of our strong financial and operation performance in 2017, we continued to outperform our peers in a difficult macro-economic energy environment. Our relative three-year stock price performance as compared to our peer group performed at the 78th percentile.

Table of Contents***Return to Shareholders***

Cimarex has consistently returned value to its shareholders. The following chart shows how a December 31, 2012 investment of \$100 in Cimarex common stock would have grown to \$216.52 on December 31, 2017, which includes dividends reinvested quarterly for those who wish to consider Total Shareholder Return when evaluating executive compensation. The chart also compares the Total Shareholder Return on Cimarex common stock to the same investment in the S&P 500 index, the Dow Jones US Exploration & Production index, and the S&P Oil & Gas Exploration & Production index over the same time period.

**COMPARISON OF 5 YEAR CUMULATIVE TOTAL RETURN**

	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017
<b>Cimarex Energy Co.</b>	<b>\$ 100.00</b>	<b>\$ 182.98</b>	<b>\$ 185.83</b>	<b>\$ 157.57</b>	<b>\$ 240.50</b>	<b>\$ 216.52</b>
<b>S&amp;P 500</b>	<b>\$ 100.00</b>	<b>\$ 132.39</b>	<b>\$ 150.51</b>	<b>\$ 152.59</b>	<b>\$ 170.84</b>	<b>\$ 208.14</b>
<b>Dow Jones US Exploration &amp; Production</b>	<b>\$ 100.00</b>	<b>\$ 131.84</b>	<b>\$ 117.64</b>	<b>\$ 89.72</b>	<b>\$ 111.69</b>	<b>\$ 113.14</b>
<b>S&amp;P Oil &amp; Gas Exploration &amp; Production</b>	<b>\$ 100.00</b>	<b>\$ 127.49</b>	<b>\$ 113.99</b>	<b>\$ 75.06</b>	<b>\$ 99.72</b>	<b>\$ 93.43</b>

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

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## PROXY STATEMENT

We are furnishing you this proxy statement to solicit proxies to be voted at the 2018 Annual Meeting ("Meeting") of Shareholders of Cimarex Energy Co. ("Cimarex" or the "Company"). The Meeting will take place on May 10, 2018 at 9:00 a.m. Central Daylight Time at the Hyatt Regency Tulsa, 100 East 2<sup>nd</sup> 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 30, 2018.

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 14, 2018, 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 14, 2018, there were 95,436,321 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 10, 2018.**

The Notice of Annual Meeting, Proxy Statement and Annual Report on Form 10-K for the year ended December 31, 2017 are available at <http://www.allianceproxy.com/cimarex2018>.

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## 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 2018 Annual Meeting of Shareholders and at any adjournment or postponement of the Meeting. The Meeting will take place on May 10, 2018, beginning at 9:00 a.m. Central Daylight Time, at the Hyatt Regency Tulsa, 100 East 2<sup>nd</sup> 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 should receive only one proxy card for all the shares you hold of record in certificate form and in book-entry form. If you receive more than one proxy card, please vote all proxy cards received.

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 7, 2018.**

#### 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 2018 Annual Meeting of Shareholders and what are the voting standards?**

Proposal	Voting Choices and Board Recommendation	Voting Standard
----------	---	-----------------

**Item 1. Election of Three Class I Directors**

vote in favor of all nominees;

vote in favor of specific nominees;

vote against all nominees;

vote against specific nominees;

abstain from voting with respect to all nominees; or

abstain from voting with respect to specific nominees.

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

Majority of votes cast

**Item 2. Advisory Vote to Approve Executive Compensation**

vote in favor of the advisory proposal;

vote against the advisory proposal; or

abstain from voting on the advisory proposal.

**The Board recommends a vote FOR the advisory proposal to approve executive compensation.**

Majority of shares present and entitled to vote

**Item 3. Ratification of the Appointment of KPMG LLP as Independent Auditors**

vote in favor of the ratification;

vote against the ratification; or

Majority of shares present and entitled to vote

abstain from voting on the ratification.

**The Board recommends a vote FOR the ratification.**

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

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

**Non-Discretionary Items.** The election of Directors 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.



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

**Item 1. Election of Three Class I 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?**

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 30, 2018, 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/cimarex2018>.

**10. Who counts the votes?**

Alliance Advisors LLC, our proxy solicitor, will tabulate the votes and, Francis B. Barron, Cimarex's Corporate Secretary, will act as inspector of election.

**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.

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**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 \$10,000 plus expenses. We will reimburse brokers, fiduciaries and custodians for their costs in forwarding proxy materials to beneficial owners of Common Stock.

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

**13. What is householding?**

As permitted by the Securities Exchange Act of 1934, 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 1 State Street, 30th Floor, New York, NY 10004-1561, 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 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 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.

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

Communications from shareholders 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 or facsimile (720) 403-9383. All shareholder 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 review the concern.

**17. How do I submit a proposal for action at the 2019 Annual Meeting of Shareholders?**

A proposal to be acted upon at the 2019 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 November 30, 2018, 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 10, 2019 and no later than February 11, 2019, and such proposal is, under Delaware General Corporation Law, an appropriate subject for shareholder action.

If the proposal concerns the nomination of Directors, see the procedures in "Election of Directors (Item 1) Director Nominations" in the following section.

## **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.

The terms of the three Class I Directors, Joseph R. Albi, Lisa A. Stewart and Michael J. Sullivan, will expire at the 2018 Annual Meeting. The Nominating Committee, at its February 2018 meeting, nominated Messrs. Albi and Sullivan and Ms. Stewart for election as Class I Directors, to serve until the Annual Meeting of Shareholders to be held in 2021.

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

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decision regarding his or her resignation. The Board will publicly 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.

### **Director Nominations**

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

While the Nominating Committee will consider nominees recommended by shareholders, it did not receive any shareholder nominations for the 2018 Annual Meeting prior to the deadline for such nominations. Shareholders who wish to nominate persons for election as Directors at the 2019 Annual Meeting must submit a timely written notice complying with Cimarex's Bylaws to the Corporate Secretary at Cimarex Energy Co., 1700 Lincoln Street, Suite 3700, Denver, Colorado 80203-4537 or by facsimile (720) 403-9383. In addition, up to 20 shareholders collectively beneficially owning more than 3% of the Company's outstanding shares for at least three consecutive years may nominate up to two candidates for inclusion in the Company's proxy materials by following the procedures set forth in the proxy access provisions in Article III, Section 2A of our Bylaws (the "Proxy Access Policy"). To be timely, the shareholder's written notice for nominees to be considered by the Nominating Committee or proxy access candidate to be included in the proxy statement for the 2019 Annual Meeting must be received between January 10, 2019 and February 11, 2019. 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.

### **2018 Nominees for Class I Directors**

Upon the recommendation of the Nominating Committee, the Board has nominated Joseph R. Albi, Lisa A. Stewart and Michael J. Sullivan for election as Class I Directors to serve until the Annual Meeting of Shareholders to be held in 2021. The Board has determined that each of Ms. Stewart and Mr. Sullivan is 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 2018 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.

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

**JOSEPH R. ALBI, 59**

**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.

**LISA A. STEWART, 60**

**Position, Principal Occupation and Business Experience**

Ms. Stewart is Chairman, President, Chief Executive Officer, 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 in various capacities, including 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 ("EH&S"), and corporate purchasing.

**Key Attributes, Experience and Skills**

Ms. Stewart's over 35 years of experience in the oil and gas industry, including in reservoir engineering, business development, land and EH&S, and extensive leadership roles are key attributes that make her well qualified to serve as a Cimarex Director.

**MICHAEL J. SULLIVAN, 78**

**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 beginning in 2001, and the managing attorney of the firm's Casper, Wyoming office. Mr. Sullivan practiced law as a partner with Brown, Drew, Apostolos, Massey & Sullivan from 1964 to 1986 and from 1995 until 1998. He served as the Governor of Wyoming from 1987 to 1995 and as the U.S. Ambassador to Ireland from 1998 to 2001.

Mr. Sullivan retired as a Director and member of the compensation and governance committees of First Interstate BancSystem, located in Billings, Montana, in December 2016, 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 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

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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.

**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 government service as the Governor of Wyoming and as the U.S. Ambassador to Ireland, 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 Cimarex Board and oversight of the Company's capital expenditure budget. Mr. Sullivan's education, legal experience, particularly in mediation and litigation, and his domestic and international service all provide a background that is beneficial in addressing the issues coming before the Cimarex Board.

**Continuing Directors Class II Term Expires 2019**

**HANS HELMERICH, 59**

**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. 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 Trustee of The Northwestern Mutual Life Insurance Company of Milwaukee, Wisconsin. He was a Director of Atwood Oceanics, Inc., an international offshore drilling company traded on the NYSE, located in Houston, Texas, from 1989 to 2017 prior to its merger with Enscopl.

**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 and Chairman of H&P and as a Trustee of The Northwestern Mutual Life Insurance Company and his former service as a Director of Atwood Oceanics provides him with additional experience and knowledge to serve as a Director.

**HAROLD R. LOGAN, JR., 73**

**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. Since February 2018, he has served as Chairman of InfraREIT, Inc. and previously served as Lead Director of that company from 2015 until February 2018. InfraREIT is a publicly held real estate investment trust that owns utility assets (electric transmission lines) in Texas. Mr. Logan also is a Director of one private company Hart Energy Publishing (publisher of Oil and Gas Investor and other energy publications). From 2003 to 2017, Mr. Logan served as a Director of Graphic Packaging Holding Co., a publicly held company located in Atlanta, Georgia, and predecessor companies. From 2008 to 2018, he served as Director of Basic Materials and Services LLC, a privately held company that invested in companies providing specialized services for the pipeline construction and sand/silica industries before it sold its last investment and closed.

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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**

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, 68**

**Position, Principal Occupation and Business Experience**

Mr. Robertson retired from Key Production Company, Inc. (one of two companies whose merger created Cimarex in 2002) after co-founding and serving for 10 years with Key. 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 Corporation, 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.

**Key Attributes, Experience and Skills**

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

**Continuing Directors Class III Term Expires 2020**

**DAVID A. HENTSCHEL, age 84**

**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.

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**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, 60**

**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 35 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, 69**

**Position, Principal Occupation and Business Experience**

Mr. Price, a former executive officer of Apache Corporation, held various positions with Apache Corporation from 1991 through 2009, including Executive Vice President and Corporate Exploration Officer; President, Apache Canada; President, Apache International; and Exploration Manager. Apache Corporation, with headquarters in Houston, Texas, is an oil and gas exploration and production company with domestic and international operations. Mr. Price has served 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, since June 2010. 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 domestic and international experience in the exploration and production business. Mr. Price has held leadership positions with a large public oil and gas company. His experience during the past seven 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 Board and the Compensation and Governance Committee.



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**Frances M. Vallejo, 52**

**Position, Principal Occupation and Business Experience**

Ms. Vallejo, a former executive officer of ConocoPhillips, the world's largest independent exploration company, held various positions beginning in 1987 with ConocoPhillips and Phillips Petroleum Company, which merged with Conoco Inc. to form ConocoPhillips in August 2002. She served as Vice President Corporate Planning and Development from April 2015 until December 2016 and as Vice President and Treasurer from October 2008 until March 2015. Prior to October 2008, she served as General Manager Corporate Planning and Budgets, Vice President Upstream Planning & Portfolio Management, Assistant Treasurer, Manager Strategic Transactions, and in other geophysical, commercial, and finance roles. Ms. Vallejo served as a member of the Board of Trustees of Colorado School of Mines from 2010 until 2016 and on boards of other charitable associations.

**Key Attributes, Experience and Skills**

Ms. Vallejo's 30 years of experience in the oil and gas industry and extensive leadership roles in corporate planning, budgeting, and treasury are key attributes that make her well qualified to serve as a Cimarex Director and a member of the Audit Committee.

Table of Contents**DIRECTOR COMPENSATION**

Our Compensation and Governance Committee administers our Director compensation program. Total Director compensation is designed to be near the 50<sup>th</sup> percentile of that paid by comparable public oil and gas companies with similar market capitalization and revenue. We use the same group of companies in reviewing Director compensation as we use in reviewing executive base salary and total direct compensation. See "CD&A Section 1 Competitive Positioning" 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 and make recommendations concerning 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. Preceding June 1, 2017, meeting fees were paid as earned. Effective June 1, 2017, meeting fees were paid quarterly.

Through May 11, 2017, 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

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

At the May 11, 2017 meeting, the Committee's independent consultant advised that the equity component of Director compensation was below the 50<sup>th</sup> percentile compared to the Company's Compensation Peer Group and the total compensation for directors was at the 40<sup>th</sup> percentile of the Company's Compensation Peer Group. (See below "CD&A Section 1 2017 Compensation Peer Group", for a list of these companies). The cash components and value of the equity component of Director compensation had not changed since May 2014. The Board, on the recommendation of the Compensation and Governance Committee and the Compensation and Governance Committee's independent compensation consultant, and based on a study of peers and market trends, made the following change to the compensation program for non-employee Directors:

Increased the annual equity retainer to \$200,000, comprised of restricted stock that vests on the earlier of (i) the termination of the service as a Director other than because of removal or (ii) May 1, 2018.

The other components of non-employee Director compensation did not change. Following this change, the total Director compensation was between the 50<sup>th</sup> and 75<sup>th</sup> percentiles of the Company's Compensation Peer Group.

**Independent Director 2017 Compensation**

NAME	FEES PAID IN CASH <sup>(1)</sup>	STOCK AWARDS <sup>(2)</sup>	ALL OTHER COMPENSATION <sup>(3)</sup>	TOTAL
Hans Helmerich David A. Hentschel	\$ 101,100	\$ 200,000	\$ 3,782	\$ 304,882
Harold R. Logan, Jr.	\$ 139,300	\$ 200,000	\$ 954	\$ 340,254
Floyd R. Price Monroe W. Robertson	\$ 114,433	\$ 200,000	\$ 954	\$ 315,387
	\$ 122,600	\$ 200,000	\$ 954	\$ 323,554

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Lisa A. Stewart	\$	102,600	\$	200,000	\$	837	\$	303,437
Michael J. Sullivan	\$	102,600	\$	200,000	\$	954	\$	303,554
L. Paul Teague <sup>(4)</sup>	\$	99,733	\$		\$	656	\$	100,389
Frances M. Vallejo	\$	66,500	\$	200,000	\$	298	\$	266,798

(1)

Represents fees earned for services as a Director during 2017, including the annual cash retainer fee, Board and Committee meeting attendance fees, Committee Chairman fee and Lead Director fee.

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- (2) Represents the aggregate grant date fair market value of the 1,864 shares of restricted stock as of the June 1, 2017 grant date.
- (3) Consists of dividends paid during 2017 on unvested restricted stock awards and dividend equivalents paid during 2017 on deferred compensation units that settle in shares of common stock.
- (4) Mr. Teague served as a director until May 11, 2017, at which time he began serving as Director Emeritus. As Director Emeritus, Mr. Teague was paid an annual retainer for 2017 of \$85,000, which is included under "Fees Paid in Cash."

The following table discloses as of December 31, 2017 the aggregate number of outstanding unvested stock awards and the market value of those awards. Market value is based on the closing trading price of \$122.01 on December 29, 2017, which was the last trading day of 2017. 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	3,422	\$ 417,518
David A. Hentschel	3,422	\$ 417,518
Harold R. Logan, Jr.	3,422	\$ 417,518
Floyd R. Price	3,422	\$ 417,518
Monroe W. Robertson	3,422	\$ 417,518
Lisa A. Stewart	3,197	\$ 390,066
Michael J. Sullivan	3,422	\$ 417,518
L. Paul Teague*	1,558	\$ 190,092
Frances M. Vallejo	1,864	\$ 227,427

\* Mr. Teague served as a director until May 11, 2017, at which time he began serving as Director Emeritus. Cimarex agreed to allow the continued vesting of unvested stock awards held by Mr. Teague while he serves as Director Emeritus. Mr. Teague will not receive any additional stock awards as Director Emeritus.

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.

In connection with his retirement from the Board effective immediately following the annual meeting on May 11, 2017, the Board appointed Mr. Teague as Director Emeritus for up to a two-year term. As compensation for serving as Director Emeritus, all outstanding restricted stock awards held by Mr. Teague at the time of the expiration of his term as Director continue to vest according to their terms during the period he serves as Director Emeritus. Mr. Teague will not receive any additional stock awards as Director Emeritus. Mr. Teague will be entitled to a cash retainer of \$85,000 per year. The Company entered into an indemnification agreement with Mr. Teague with substantially the same terms as his indemnification agreement as a Director.

## 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     | Corporate Bylaws                                    |
| Code of Business Conduct and Ethics | Stock Ownership Guidelines                          |
| Complaint and Reporting Procedures  | Background and Experience of our Board of Directors |

Committee Charters

Background and Experience of Executive Management

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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
		Management and Director stock ownership	
Periodic consultant review of Board skills	Yes	guidelines	Yes
Annual equity grants to Directors	Yes	Tax gross-ups	No
Annual Board education	Yes	Proxy access	Yes

Shareholders 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 2017, the Board of Directors met seven times. The Board has three Committees: the Audit Committee, the Compensation and Governance Committee, and the Nominating Committee. During 2017, 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 Directors attended our 2017 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	59	2011	Executive Vice President Operations, Chief Operating Officer, Cimarex Energy Co.	No	0
Hans Helmerich	59	2002	Chairman and former CEO, Helmerich & Payne, Inc.	Yes	2
David A. Hentschel	84	2002	Retired, former Chairman, CEO Occidental Oil & Gas Corporation	Yes	0
Thomas E. Jorden	60	2011	Chairman, CEO and President, Cimarex Energy Co.	No	0
Harold R. Logan, Jr.	73	2009	Chairman, Suburban Propane Partners, L.P.	Yes	2
Floyd R. Price	69	2012	Retired, former Executive Vice President, Apache Corporation	Yes	1
Monroe W. Robertson	68	2005	Retired, former President and Chief Operating Officer, Key Production Co.	Yes	0
Lisa A. Stewart	60	2015	Chairman, President, Chief Executive Officer and Chief Investment Officer, Sheridan Production Partners	Yes	0
Michael J. Sullivan	78	2002	Retired Senior Attorney, Lewis Roca Rothgerber LLP	Yes	0
Frances M. Vallejo	52	2017	Retired, former Vice President, ConocoPhillips	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:

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

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Preside over Board meetings.

Call special meetings of the Board.

Approve agenda for Board meetings.

Preside over shareholder meetings.

Facilitate and participate in formal and informal communications with and among Directors.

Preside at all Board meetings at which the Chairman of the Board is not present.

Solicit agenda items from non-management Directors, review Board meeting agenda and materials, and provide input to the Chairman of the Board.

Authority to call meetings of non-management Directors and, as appropriate, set the agenda.

Preside at all meetings of non-management Directors and at all executive sessions of non-management Directors.

Act as Chairman of the Nominating Committee.

Liaison between the Chairman and Directors and facilitate communication among full Board.

Review shareholder communications directed to Board and take appropriate action.

Retain outside advisors and consultants who report directly to the Board on Board-wide issues.

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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 2017 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
Lisa A. Stewart	X		X
Michael J. Sullivan*		X	X
Frances M. Vallejo	X		X
<b>2017 Meetings Held</b>	10	7	5

\*

Mr. Sullivan served on the Audit Committee from 2002 until May 2017 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;

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

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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 Mr. Logan, Mr. Robertson, Ms. Stewart and Ms. Vallejo 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.

As part of its compensation functions, the Compensation and Governance Committee has increased its oversight of compensation of all employees, including its review of the Company's practices to ensure compensation equity.

*Governance Functions*

- Develops and implements policies and processes regarding corporate governance matters;
- Develops plans for managerial succession; and
- Oversees annual Board and Committee evaluations.

As part of its governance functions, the Compensation and Governance Committee has increased its oversight of environmental, social and governance ("ESG") issues, including corporate sustainability and workplace fairness.

**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:

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Determines desired Board skills and attributes;

Recommends candidates to serve on the Board and to stand for election at annual meeting of shareholders or to fill a vacancy occurring between meetings;

Considers shareholder nominees for election to the Board; and

Recommends Committee appointments.

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**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.

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 A. Hentschel, Harold R. Logan, Jr., Floyd R. Price, Monroe W. Robertson, Lisa A. Stewart, Michael J. Sullivan and Frances M. Vallejo, representing eight of our ten current 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 non-executive Chairman of the Board, and until March 5, 2014 was the CEO, of Helmerich & Payne, Inc. ("H&P"), a company with which Cimarex engages in ordinary course of business transactions. As non-executive Chairman, Mr. Helmerich currently is not an employee of H&P. During H&P's fiscal year ended September 30, 2017, Cimarex paid H&P \$39.6 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 2.20% 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.

Ms. Stewart is Chairman, President, Chief Executive Officer and Chief Investment Officer of Sheridan Production Partners, a privately owned oil and gas operating company she founded in 2007. During 2017 Cimarex paid certain affiliated companies of Sheridan oil and gas revenues of \$208 thousand and received \$89 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 2017. In addition, Cimarex paid the Sheridan affiliates joint interest billings of \$1 thousand, and received \$378 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.

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**Risk Oversight**

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

Processes Cimarex follows to mitigate corporate risks;

Guidelines and processes pertaining to financial risk assessment;

Steps management takes to measure, monitor and control 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 the Board's four regularly scheduled meetings held during the year, management provides the Board with an overview of Cimarex's operations, financial results, risks and risk mitigation efforts, and other aspects of its business. Significant strategic considerations, such as material acquisitions or mergers are brought to the Board for deliberation and, as appropriate, decisions.

The Audit Committee, at its December 7, 2017 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 2018, the Compensation and Governance Committee performed a thorough review of the possible connection between compensation 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 incentive awards;

Participants in the Company's compensation programs;

How the compensation 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 2017, four executive sessions were held and all of the independent Directors attended each session with the exception of Mr. Logan, who missed one meeting. 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**

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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.

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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, as a result of which we previously made changes in these areas;

The "proxy access" shareholder proposal acted upon in 2015;

A shareholder proposal concerning fugitive methane reporting that was made in December 2015 and subsequently withdrawn, as a result of which we added disclosure concerning methane emissions to our website; and

Environmental, social and governance issues, including greenhouse gas emissions, employee and board diversity, and shareholder protection measures.

As a result of additional engagement with shareholders during 2017, in January 2018 we enhanced our website disclosure concerning air quality, hydraulic fracturing, seismicity, spill prevention, water resource management, safety and health, community impact, and community support.



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 14, 2018, 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 Beneficially Owned <sup>(1)</sup>	Percent of Class
<i>Named Executive Officers:</i>		
Thomas E. Jorden, CEO (also Director)	389,383	<1%
G. Mark Burford, CFO	96,416	<1%
Joseph R. Albi, COO (also Director)	141,044	<1%
Stephen P. Bell, EVP	115,772	<1%
John A. Lambuth, SVP	113,068	<1%
<i>Directors:</i>		
Hans Helmerich	450,467 <sup>(2)</sup>	<1%
David A. Hentschel	32,427	<1%
Harold R. Logan, Jr.	6,554	<1%
Floyd R. Price	11,242	<1%
Monroe W. Robertson	15,146	<1%
Lisa A. Stewart	4,554	<1%
Michael J. Sullivan	17,608	<1%
Frances M. Vallejo	1,864	<1%
All executive officers and Directors as a group (17 persons)	1,667,936 <sup>(2)(3)</sup>	1.7%

(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 14, 2018), 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.

(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 50,999 shares owned by 1993 Hans Helmerich Trust, of which Mr. Helmerich is the trustee, 1,062 shares owned by Helmerich Grandchildren LLC, of which Mr. Helmerich is the co-manager, 7,865 shares owned by Family Trust, of which Mr. Helmerich is the trustee, 36,430 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.

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. 55 East 52 <sup>nd</sup> Street New York, NY 10055	6,319,205	0	7,075,794	0	7,075,793 <sup>(1)</sup>	7.4%
FMR LLC 245 Summer Street Boston, MA 02210	253,985	0	4,422,741	0	4,422,741 <sup>(2)</sup>	4.64%
State Street Corporation State Street Financial Center One Lincoln Street Boston, MA 02111	0	5,291,589	0	5,291,589	5,291,589 <sup>(3)</sup>	5.55%
The Vanguard Group 100 Vanguard Boulevard Malvern, PA 19355	137,639	17,968	9,990,104	151,707	10,141,811 <sup>(4)</sup>	10.64%

(1) Based solely on information as of December 31, 2017 included in a Schedule 13G/A filed with the SEC on January 29, 2018.

(2) Based solely on information as of December 31, 2017 included in a Schedule 13G/A filed with the SEC on February 13, 2018.

(3) Based solely on information as of December 31, 2017 included in a Schedule 13G filed with the SEC on February 14, 2018.

(4) Based solely on information as of December 30, 2017 included in a Schedule 13G/A filed with the SEC on February 8, 2018.

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Table of Contents**Executive Summary of Compensation Discussion & Analysis ("CD&A")****2017 BUSINESS AND FINANCIAL PERFORMANCE OVERVIEW**

The great volatility in the oil and gas exploration and production industry in 2016 transitioned to more stability in commodity prices in 2017. The Compensation and Governance Committee continued to focus on strategic and tactical goals that preserve Cimarex's strong balance sheet, core properties and organization while improving health, safety and environment metrics. These goals and our performance are summarized below under "Section 2 Annual Cash Incentive Awards". As the year progressed, oil and natural gas liquids ("NGL") prices stabilized at higher levels than 2016. It is through this macroeconomic lens that the Committee considered the following 2017 business and financial performance overview when making compensation decisions:

Exploration and development expenditures increased 74% to \$1,281.1 million compared to \$734.8 million in 2016, while year-over-year average daily production increased 19% to 1,142.1 MMcfe per day.

While total production expense increased by approximately \$30.2 million, or 13%, from \$232.0 million in 2016 to \$262.2 million in 2017, our Operations group excelled at optimizing our production. As a result, our production expense per Mcfe declined almost 5% from \$0.66 per Mcfe in 2016 to \$0.63 per Mcfe in 2017, and declined 42% in 2017 compared to 2014.

We incurred no additional debt and had cash on hand of \$400.5 million at year-end 2017.

Year-over-year production revenues increased 53% to \$1.9 billion as revenues were positively affected by increased realized commodity prices as well as increased production, which resulted in net income of \$494.3 million in 2017 after losses in each of 2016 and 2015.

Cash flow provided by operating activities of \$1.1 billion was 75% higher than 2016.

During 2017, our overall estimated proved reserves increased 16% after additions, positive and negative revisions, and production. We added 940.7 Bcfe of proved reserves through extensions and discoveries, in the Mid-Continent and Permian Basin, where we added 282.9 Bcfe and 657.8 Bcfe, respectively. In addition, we had net negative revisions of previous estimates of 59.7 Bcfe. Revisions were comprised of an increase of 45.8 Bcfe for net positive performance revisions, a decrease of 43.9 Bcfe related to higher operating expenses, an increase of 187.2 Bcfe for positive revisions due to higher commodity prices, and a decrease of 248.8 Bcfe for the removal of proved undeveloped reserves, the development of which likely will be delayed beyond five years from our initial disclosure.

As a result of our strong financial and operation performance in 2017, we continued to outperform our peers in a difficult macro-economic energy environment. Our relative three-year stock price performance as compared to our peer group performed at the 78<sup>th</sup> percentile.

**2017 EXECUTIVE COMPENSATION**

	<b>2017 Salary(1)</b>	<b>Year End 2017 Base Salary</b>	<b>2017 Annual Cash Incentive Award(1)</b>	<b>2017 Long-Term Incentive Grant Date Fair Value(1)</b>	<b>Total Compensation(1)(2)</b>	<b>% of Total Compensation at Risk(3)</b>
Thomas E. Jordan, CEO	\$ 960,000	\$ 960,000	\$ 2,000,000	\$ 8,000,000	\$ 11,054,129	90%
G. Mark Burford, CFO	\$ 460,000	\$ 460,000	\$ 760,000	\$ 2,900,000	\$ 4,193,307	87%
Joseph R. Albi, COO	\$ 602,151	\$ 610,000	\$ 1,000,000	\$ 3,400,000	\$ 5,071,023	87%

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Stephen P. Bell, EVP	\$ 498,459	\$ 505,000	\$ 850,000	\$ 3,150,000	\$ 4,566,645	88%
John A. Lambuth, SVP	\$ 495,791	\$ 508,000	\$ 900,000	\$ 3,400,000	\$ 4,856,872	89%

(1) From Summary Compensation Table.

(2) Includes All Other Compensation from Summary Compensation Table.

(3) Compensation at risk is based on the sum of 2017 Annual Cash Incentive Award and 2017 Long-Term Incentive Grant Date Fair Value compared to the Total Compensation from the Summary Compensation Table.

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**ELEMENTS AND MIX OF EXECUTIVE COMPENSATION**

**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":

<b>Element</b>	<b>Purpose</b>
	Retain current executive team and, when appropriate, attract new executives.
Base salary	Reward executives for short-term financial and operational results.
Annual cash incentive award	Focus executive efforts on activities and short-term results that lead to long-term shareholder value. Half of our restricted stock awards vest based on continued employment and the passage of time, which promotes retention. The remainder of the awards vest based on performance measures tied to relative stock price performance, which promotes the long-term interests of our shareholders and aligns executives' interests with shareholders' interests.
Annual long-term equity award	

**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 diagrams below show the mix of the pay elements for the CEO and other NEOs for fiscal 2017. These diagrams are based on the Summary Compensation Table and highlight the substantial portion of the at-risk compensation that only is realized if certain performance criteria are met. Of the CEO's total disclosed 2017 compensation, 90% is at risk and is linked to Cimarex's future performance. This consists of 18% annual cash incentive compensation based on 2017 performance and 72% long-term equity incentive compensation that is both service- and performance-based. The 2017 average compensation mix for the other NEOs was 88% at risk compensation consisting of 19% annual cash incentive compensation based on 2017 performance and 69% long-term equity incentive compensation that is both service- and performance-based.

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## COMPENSATION DISCUSSION AND ANALYSIS

This CD&A describes Cimarex's executive compensation program for 2017. We use this program to retain, motivate and attract (when appropriate) the executives who lead our business. This CD&A explains how the Compensation and Governance Committee (the "Committee") of the Board of Directors made 2017 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

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

*Section 1* discusses our compensation framework, principal elements of executive compensation, and competitive positioning.

*Section 2* discusses 2017 and early 2018 actions related to 2017 executive compensation.

*Section 3* discusses the role of the Committee's independent compensation consultant and management in compensation decisions, post-employment compensation, retirement benefits, perquisites and other compensation related issues.

## SECTION 1

### 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 while seeking to minimize our impact on the communities in which we operate for the long-term. 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, motivate and attract, when appropriate, the experienced professionals necessary to carry out this strategy.

Throughout the Company, we focus on attracting high quality personnel who have strong technical competence, are not afraid to contribute new ideas, and work well in a team environment. The Company recently undertook a study of compensation across all areas and disciplines within Cimarex. The data confirmed no compensation bias at Cimarex, and every employee is paid equitably for their position regardless of gender, ethnicity or age. This study will be reviewed periodically to ensure these results remain consistent.

The Committee also engaged our independent compensation consultant, Longnecker & Associates ("Longnecker"), to analyze the actual delivery of compensation versus the performance of the Company as compared to the Compensation Peer Group (see below, "2017 Compensation Peer Group," for a list of these companies). Longnecker concluded that Cimarex had the highest correlation of realized pay to performance out of all the Compensation Peer Group companies.

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**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 vesting of up to half of the NEOs' equity awards is dependent upon relative stock price performance, meaning the more our shareholders benefit through shareholder returns compared to a defined stock performance peer group, the more our executives benefit through increased vesting of performance-based equity awards. Also, our Executive 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, motivate and attract, when needed, executive talent.**

We compensate our executives at levels that are competitive with equivalent positions at companies with which we may compete for talent as represented by our Compensation Peer Group (See "2017 Compensation Peer Group" below). In general, when we review base salaries, annual incentive awards, long-term equity awards and total direct compensation, we reference the 50th and 75th percentiles of the Compensation Peer Group. Actual compensation earned by an executive may be outside this range based on the Company's performance, the individual's achievements, and industry competition for talented executives. Half of our restricted stock awards vest based on continued employment and the passage of time, which promotes retention of executives.

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

We provide the opportunity for an annual incentive cash award that is designed to reward executive efforts for achieving Company financial and operational objectives. The portion of our long-term equity incentive awards that vest based on performance measures tied to relative stock price performance are designed to encourage above average stock price performance, which aligns executives' interests with shareholders' interests.

**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":

<b>Element</b>	<b>Purpose</b>
	Retain executive team and, when appropriate, attract executives.
Base salary	Reward executives for short-term financial and operational results.
Annual cash incentive award	Focus executive efforts on activities and short-term results that lead to long-term shareholder value. Half of our restricted stock awards vest based on continued employment and the passage of time, which promotes retention. The remainder of the awards vest based on performance measures tied to relative stock price performance, which promotes the long-term interests of our shareholders and aligns executives' interests with shareholders' interests.
Annual long-term equity award	



Table of Contents**Competitive Positioning**

In support of our compensation objectives and in order to determine an appropriate total value and mix of pay for executives, we reference the 50th and 75th percentiles of the Compensation Peer Group. 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 employed in the position, annual Company performance and one- and three-year relative stock price performance influence the actual executive compensation decisions. We look at our 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 the aggregate Total Direct Compensation of all NEOs provides an appropriate reference for comparative purposes and allows us to compare our total cost of management for all NEOs to our peers' total cost of management.

**2017 Compensation Peer Group**

The Compensation Peer Group is comprised of companies in the oil and gas industry with market capitalizations and revenues similar to ours and with whom we compete for executive and other employee talent. The Committee annually reviews companies in the Compensation Peer Group and modifies the group as appropriate.

In May 2017, the Committee approved the 2017 Compensation Peer Group. The companies included in the Compensation Peer Group were, at the time of selection, comparable to Cimarex in size and scope of operations, market capitalization and revenue. These are companies with whom we believe we compete for employees. The April 28, 2017 market capitalization of these companies ranged from \$3.7 billion to \$20.9 billion and the trailing 12 months' revenue, as of the previous quarterly report on Form 10-Q filed by these companies, ranged from \$527 million to \$5.4 billion. For the comparable date and period, Cimarex's market capitalization was \$11.1 billion and its revenue was \$1.3 billion. The Committee's independent compensation consultant recommended removing one company that was in the 2016 Compensation Peer Group due to its smaller size compared to other members of the peer group. This company was QEP Resources, Inc., which had a market capitalization of \$2.7 billion and trailing 12 month revenues of \$1.4 billion. The consultant also recommended adding two new companies, Diamondback Energy, Inc. ("Diamondback") and Apache Corporation ("Apache"). The consultant recommended Diamondback because its financial metrics closely aligned with those of Cimarex, and its operations are concentrated in the Permian Basin, where Cimarex has substantial operations. The consultant recommended Apache because of its market capitalization and increasing operational focus in the Permian Basin. Diamondback had a market capitalization of \$9.8 billion and trailing 12 month revenues of \$527 million. Apache had a market capitalization of \$18.5 billion and trailing 12 month revenues of \$5.4 billion. The Committee approved these recommendations, resulting in the inclusion of the following companies in the 2017 Compensation Peer Group:

**Peer Company**

Antero Resources Corporation  
Apache Corporation  
Cabot Oil & Gas Corporation  
Concho Resources Inc.  
Continental Resources, Inc.  
Diamondback Energy, Inc.  
Energen Corporation

**Peer Company**

Newfield Exploration Company  
Noble Energy, Inc.  
Pioneer Natural Resources Company  
Range Resources Corporation  
Southwestern Energy Company  
WPX Energy, Inc.

**2017 Stock Performance Peer Group**

Under our long-term equity incentive award program, we grant performance-based awards of restricted stock to our NEOs. For grants made in December 2017, the performance measure used to determine the number of shares to be delivered upon vesting is Cimarex's relative stock price performance at the end of the three-year period preceding the December 1, 2020 vesting date when compared to companies in the S&P 500 Oil and Gas Exploration & Production index (the "Stock Performance Peer Group"). The Stock Performance Peer Group members are companies with which we compete for investors and investment capital. The Committee believes that using an index of companies selected by an independent group such as Standard and Poor's provides less ability for management to attempt to manipulate

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relative performance. The following are the companies that comprised the Stock Performance Peer Group on December 7, 2017:

**Peer Company**

Anadarko Petroleum Corporation  
 Apache Corporation  
 Cabot Oil & Gas Corporation  
 Chesapeake Energy Corporation  
 Cimarex Energy Co.  
 Concho Resources Inc.  
 ConocoPhillips  
 Devon Energy Corporation  
 EOG Resources, Inc.

**Peer Company**

EQT Corporation  
 Hess Corporation  
 Marathon Oil Corporation  
 Newfield Exploration Company  
 Noble Energy, Inc.  
 Occidental Petroleum Corporation  
 Pioneer Natural Resources Company  
 Range Resources Corporation

**SECTION 2**

**Summary of 2017 and Early 2018 Compensation Decisions**

TOPIC	ACTION	RATIONALE
<b>Base Salary Review</b>	Recommended no increase to CEO base salary.	As described below in "Base Salary Determination," the Committee determined not to adjust the salary for Mr. Jordan. At the time of the meeting in May 2017, the CEO's base salary was between the 50 <sup>th</sup> and 75 <sup>th</sup> percentiles of the Compensation Peer Group.
	Recommended no increase to CFO base salary.	At the time of the meeting in May 2017, the CFO's base salary was between the 50 <sup>th</sup> and 75 <sup>th</sup> percentiles. As described below, the Committee determined not to adjust the salary for Mr. Burford.
	Increased remaining NEOs' base salaries by 3.0-5.8%	These increases were based on maintaining alignment of the NEOs between the 50 <sup>th</sup> and 75 <sup>th</sup> percentiles of the Compensation Peer Group, and Company performance.
<b>Annual Short-Term Incentive Plan</b>	Authorized annual cash short-term awards to the CEO of 208% of year-end base salary and between 164% to 177% of year-end base salary to the other NEOs (with a target of 125% of year-end base salary for the CEO and 100% for all other NEOs).	Annual cash awards were based on the achievement of financial and strategic objectives described below in "Annual Cash Incentive Awards" and on recommendations from the Committee's independent compensation consultant. See "Key 2017 Compensation Actions Annual Cash Incentive Awards" below.

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TOPIC	ACTION	RATIONALE
<b>Long-Term Equity Incentives</b>	Authorized long-term equity awards to NEOs (including the CEO) with an aggregate grant date fair value of \$20,850,000. The number of shares that may be earned pursuant to these awards is determined by Cimarex's relative stock price performance. The awards vest on December 1, 2020 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 performance 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 are not "at-risk," the range for 2017 long-term equity awards recommended by the compensation consultant represented a total value between the 75 <sup>th</sup> and 90 <sup>th</sup> percentiles when compared to 2017 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 and market survey data. The Committee considered Cimarex's total shareholder return ("TSR") for the past one and three years, the historical performance of Cimarex compared to its peers since inception and ability to weather industry downturns, NEO total direct compensation compared to peer companies, the compensation consultant's recommended individual and total pool of grant date fair value and the CEO's recommendations for NEOs other than the CEO based on their individual contribution, and determined to make aggregate awards above those recommended by its consultant. Its consultant concurred with the Committee's final determination. The approved awards positioned the NEOs at approximately the 87 <sup>th</sup> percentile of the Compensation Peer Group. The actual value of the shares upon vesting on December 1, 2020 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.

See "Key 2017 Compensation Actions" below for more detail.

### **Response to 2017 Say-on-Pay Vote and Shareholder Engagement**

At the 2017 Annual Meeting of Shareholders, 97% of the votes cast were in favor of the advisory vote to approve executive compensation. Also, 84% of shares voted in favor of holding the say-on-pay vote on an annual basis, which the Board approved during the August 31, 2017 Board 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,

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including executive compensation and environmental, social and governance ("ESG") issues. The Committee carefully considers any feedback and routinely reviews executive compensation practices and ESG issues.

The 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 2016 and early 2017 and shareholders' overall satisfaction with Cimarex's executive compensation programs. Consistent with this support, the Committee retained the core design of our executive compensation programs for the remainder of 2017.

**Key 2017 Compensation Actions**

The following discusses the Committee's key 2017 compensation decisions, which are reflected in the 2017 Summary Compensation Table below. These decisions were made with the advice and concurrence of the Committee's independent consultant, Longnecker & Associates. (See "CD&A Section 3" for additional discussion regarding the role of the consultant.)

**CEO Compensation**

Mr. Jordan's annual salary for 2017 remained \$960,000 for the reasons described below.

Mr. Jordan's 2017 annual cash incentive award was \$2,000,000, or 208% of his year-end base salary. His target annual cash incentive award is 125% of his year-end base salary and his maximum award is 250%.

Mr. Jordan's annual long-term incentive equity award value at the date of grant (December 7, 2017) was \$8,000,000.

These decisions were reviewed in detail by the Committee and its independent consultant. The Committee considered several factors, including input from its independent consultant, compensation data from peer companies and Cimarex's performance. In 2017, approximately 90% of Mr. Jordan's compensation as disclosed in the Summary Compensation Table was at risk.

**Other NEO Compensation**

The Committee also made compensation decisions for the other NEOs comprised of base salary adjustments made in May 2017, annual cash incentive awards for 2017 made in February 2018, and long-term equity awards made in December 2017. 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 broader market surveys, 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 2017 NEO compensation decisions:

	2017 Salary(1)	Year End 2017 Base Salary	2017 Annual Cash Incentive Award(1)	2017 Long-Term Incentive Equity Grant Date Fair Value(1)	Total Compensation(1)(2)	% of Total Compensation that is At Risk(3)
G. Mark Burford, CFO	\$ 460,000	\$ 460,000	\$ 760,000	\$ 2,900,000	\$ 4,193,307	87%
Joseph R. Albi, COO	\$ 602,151	\$ 610,000	\$ 1,000,000	\$ 3,400,000	\$ 5,071,023	87%
Stephen P. Bell, EVP	\$ 498,459	\$ 505,000	\$ 850,000	\$ 3,150,000	\$ 4,566,645	88%
John A.	\$ 495,791	\$ 508,000	\$ 900,000	\$ 3,400,000	\$ 4,856,872	89%

Lambuth, SVP

- (1) From Summary Compensation Table.
- (2) Includes All Other Compensation from Summary Compensation Table.
- (3) Compensation at risk is based on the sum of 2017 Annual Cash Incentive Award and 2017 Long-Term Incentive Grant Date Fair Value compared to the Total Compensation from the Summary Compensation Table.

Table of Contents**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 Cimarex NEO's base salary with the base salary paid for a similar executive position by companies in our Compensation Peer Group. See "Competitive Positioning" above in this CD&A for a list of the companies in the Compensation Peer Group. The 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 2017, the Committee's independent compensation consultant reviewed the NEOs' base salaries compared to Compensation Peer Group data and broader market data and initially recommended a 3% increase in executive salaries for each NEO. The compensation consultant noted that each NEO's salary was between the 50<sup>th</sup> and 75<sup>th</sup> percentiles of the Compensation Peer Group. Mr. Jordan, our CEO, provided the Committee with recommendations for NEOs other than himself. While Mr. Jordan, our CEO, typically does not make recommendations concerning his own salary, in May 2017 he recommended that he and Mr. Burford, the CFO, not receive salary increases for 2017. This recommendation was due to corrections made to Cimarex's financial statements resulting from errors in the quarterly ceiling test calculations used to test for possible impairments of Cimarex's oil and gas properties. For a complete description of these corrections, see the "Explanatory Note" to Cimarex's amended Annual Report on Form 10-K/A for the year ended December 31, 2016 filed with the SEC on May 10, 2017. With respect to the other NEOs, Mr. Jordan's recommendations were based on maintaining alignment of the NEOs between the 50<sup>th</sup> and 75<sup>th</sup> percentile of the Compensation Peer Group and Company relative TSR performance being in the 63<sup>rd</sup> percentile of the Compensation Peer Group companies for the previous one-year period and the 79<sup>th</sup> percentile among those companies for the previous three-year period. The Committee considered the recommendations of both the Committee's consultant and Mr. Jordan for NEOs other than Mr. Jordan. With respect to Mr. Jordan's salary, in discussions in executive session with the compensation consultant and without Mr. Jordan present, the Committee considered Mr. Jordan's leadership of Cimarex through a reduced commodity price environment, including Cimarex's relative TSR performance in the 63<sup>rd</sup> percentile compared to the Compensation Peer Group for the past one year and in the 79<sup>th</sup> percentile for the past three years, and his salary being between the 50<sup>th</sup> and 75<sup>th</sup> percentiles of the Compensation Peer Group's CEO salaries. However, due to the financial statement corrections described above, the Committee determined not to adjust the salaries of Mr. Jordan and Mr. Burford. The Committee also reviewed the total salaries and recommended salaries of all the NEOs compared to the total salaries of the NEOs of the Compensation Peer Group. Before the recommended salary increases, aggregate NEO salaries were at the 61<sup>st</sup> percentile of the Compensation Peer Group. The recommended increases put the NEOs at the 66<sup>th</sup> percentile. The compensation consultant indicated its concurrence with the Committee's recommendations based on these reasons and the compensation consultant's experience with, and knowledge of, compensation decisions of other oil and gas exploration and production companies. The Committee recommended, and the Board approved, the following base salaries effective June 1, 2017:

<b>Name</b>	<b>Title</b>	<b>5/31/2017 Base Salary</b>	<b>6/1/2017 Base Salary</b>	<b>Percent Increase</b>
Thomas E. Jordan	Chairman of the Board, CEO and President	\$ 960,000	\$ 960,000	0%
G. Mark Burford	Vice President and CFO	\$ 460,000	\$ 460,000	0%
Joseph R. Albi	Executive Vice President Operations, COO	\$ 592,000	\$ 610,000	3.0%
Stephen P. Bell	Executive Vice President Business Development	\$ 490,000	\$ 505,000	3.1%
John A. Lambuth	Senior Vice President Exploration	\$ 480,000	\$ 508,000	5.8%

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**Annual Cash Incentive Awards**

In February 2018, the Committee met to deliberate and determine NEO (including the CEO) annual cash incentive awards for 2017 performance. The individual target for the CEO is 125% of his base salary and for each other NEO is 100% of his base salary. There is no minimum award, and an individual's maximum award is 250% of base salary for the CEO and 200% of each other NEO's base salary.

In February 2017, the Compensation and Governance Committee adopted 2017 strategic and tactical goals and objectives to be measured in 2018. At the time the Committee approved these goals, commodity prices had recently increased but were still very volatile, with oil near \$50 per barrel, and the Committee continued its focus from 2016 on goals that preserve Cimarex's strong balance sheet, core properties and organization during a difficult period for the oil and gas industry. The table below explains the level of achievement of the 2017 strategic and tactical goals and objectives.

**2017 Strategic and Tactical Goals and Objectives**

**Achievement**

Achieve good return on invested capital.

**Excellent.** We were above our threshold for after tax return on invested capital based on internal measurements that consider only discounted future cash flows from proved developed reserves and are fully burdened with land, seismic, personnel costs, and all other non-drilling costs attributed to our exploration program. The returns are excellent by historical standards and reflected our ability to continue to control costs and innovate our operations throughout the year.

Manage the balance sheet.

**Excellent.** We continued to preserve the strength of our balance sheet and increased production on a debt adjusted\* per share basis by 15% and reserves on a debt adjusted\* per share basis by 13%. We incurred no additional debt and had cash on hand of \$400.5 million at year-end 2017.

Continue focus on staffing and succession planning at all levels.

**Very Good.** Cimarex continued our focus on succession planning in 2017. We identified potential future managers and leaders in our organization and provided them with additional training and opportunities in different areas within the Company. We reported these actions and the individuals' progress to the Board of Directors.

Continue focus on and improve health, safety and the environment metrics.

**Fair.** We are proud of the organization's cultural commitment to health, safety and the environment ("HS&E"). We have developed an operational practice of transparency around HS&E. We encourage reporting of all incidents involving our employees and contractors (including near misses) and the use of Stop Work Authority, and we have used examples of incidents reported as a vehicle to educate our employees and contractors and to improve our HS&E practices.

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**2017 Strategic and Tactical Goals and Objectives**

**Achievement**

Tactical Goals:

Meet or exceed quarterly and annual production guidance targets.

**Excellent.** We met or exceeded our production guidance during each of the quarters during 2017. We achieved a 19% growth in total daily production and our daily oil volumes grew 27%.

Identify and understand the risks around induced seismicity.

**Excellent.** We continued the active monitoring of proprietary ground motion arrays in 2017. We also continued a collaborative dialogue with regulators and industry groups and peer companies. As Cimarex has continued to study the issue of induced seismicity, we have brought our experience to the table in advocacy with our peers and regulatory agencies to adopt a proactive, productive approach to the issue that includes widespread ground motion monitoring, rigid standards, and transparency.

Develop long-term water sourcing and disposal solutions for Cimarex development projects.

**Excellent.** In 2017, amidst budget discipline, Cimarex continued planning and implementing field-wide salt-water disposal designs that consider the risks of downtime. Our operations group responded to the challenge of designing and building redundancy into our salt-water disposal systems during 2017. We currently have excess capacity and contingency plans in the event that one or more of our salt-water disposal wells go offline. We will continue to focus on this area as we increase our exploration and development efforts.

Continue to develop and advance field automation.

**Very Good.** In 2017, Cimarex continued the work on automating our Permian facilities. All new facilities are being designed and built with automated meters, gauges, and tank level indicators. We plan to automate older facilities and to establish a central "command and control" center that will provide continuous monitoring and intervention as needed.

Increase corporate environmental disclosure.

**Excellent.** In early 2017, Cimarex committed to provide a more robust environmental disclosure on our website. This new environmental disclosure achieves our goals of being transparent and having metrics against which we can both test ourselves and improve. This new disclosure was added to our website in February 2018.

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The Company uses debt adjusted production growth and reserve numbers to demonstrate the Company's ability to increase production and reserves without a commensurate increase in debt. The use of debt adjusted measures mitigates the risk that management could increase reserves and production by increasing drilling and exploration budgets using debt imprudently. These measures are not prescribed by Generally Accepted Accounting Principles ("GAAP"). We calculate debt-adjusted shares by adding to the actual shares of common stock outstanding the theoretical number of shares that would be required to retire our year-end debt, net of cash on hand. The theoretical number of shares is calculated by dividing our net debt at year-end by the trailing 12-month average stock price at year-end.



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The Committee's independent compensation consultant recommended a pool for cash incentive awards for all NEOs of \$5.8 million or 192% of the NEOs' year-end 2017 salaries, based on the consultant's review of the Company's achievement of the 2017 strategic and tactical goals, the consultant's analysis of the projected annual incentive awards of the Compensation Peer Group to be generally at target levels or slightly above target level for 2017 performance, the consultant's evaluation of the Company's performance of its 2017 strategic and tactical goals compared to the Compensation Peer Group's percentile rankings, and the consultant's review of actions by other oil and gas exploration and production companies related to annual incentive awards due to commodity price and stock price trends. Based principally on the achievement of the 2017 strategic and tactical goals and objectives and the improvement in and stabilizing of commodity prices and expected improvement in the Company's cash flow, the CEO recommended cash incentive awards for the other NEOs of between 164% and 177% of their year-end 2017 salaries, which were slightly lower than the recommendations of the Committee's independent compensation consultant. The Committee's independent consultant concurred that the CEO's recommendations were reasonable. The Committee, after considering the achievement of the 2017 strategic and tactical goals and objectives, the improvement in and stabilizing of 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 Committee's recommendations.

The 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 2017 performance described above and the CEO's leadership of the Company and management of senior executives and other employees to achieve this performance, the Committee recommended and the Board approved a cash incentive award to the CEO of 208% of his base salary, which was approximately 6% below the recommendation of the Committee's independent compensation consultant. The Committee's independent consultant concurred with this recommendation, and the total cash incentive awards to all NEOs of \$5.51 million was \$0.3 million below the recommendation of the compensation consultant of a reasonable pool of \$5.8 million. Following are the CEO and other NEO 2017 annual cash incentive awards:

<u>Name</u>	<u>Cash Incentive Award</u>	<u>% of Year-End Base Salary</u>
Thomas E. Jorden, CEO	\$ 2,000,000	208%
G. Mark Burford, CFO	\$ 760,000	165%
Joseph R. Albi, COO	\$ 1,000,000	164%
Stephen P. Bell, EVP	\$ 850,000	168%
John A. Lambuth, SVP	\$ 900,000	177%

**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 that lead to long-term shareholder value. Typically, the Committee grants equity awards of restricted stock to NEOs each year.

For grants made in December 2017, the number of shares that NEOs may earn is determined by the relative stock price performance of Cimarex when compared to the Stock Performance Peer Group. See "CD&A Competitive Positioning" for a list of the companies in the 2017 Stock Performance Peer Group. The awards vest on December 1, 2020, based on the Company's relative stock price performance compared to the Stock Performance Peer Group for the three years ending December 1, 2020, 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 performance period. Half of our restricted stock awards vest based on continuous employment and the passage of time, which promotes retention of executives, and the other half of the awards vest based on performance measures tied to relative stock price performance, which promotes the long-term interests of our shareholders and aligns executives' interests with shareholders' interests. While the 2014 Equity Incentive Plan does not set a minimum vesting period, the Committee has set a three-year vesting period for restricted stock awards to NEOs since the Committee began making restricted stock awards in 2006.

Dividends equivalent to those paid on Cimarex common stock are paid on the shares awarded that are subject to time-based vesting, and dividends applicable to the remainder of the shares awarded are accrued and only paid on the

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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 2017, 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 December 1, 2017 and the 30 trading days preceding December 1, 2020. The 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. Companies that declare bankruptcy or are delisted and cease to be traded on a national securities exchange are ranked last at the end of the performance period. The following table illustrates shares that would be earned at various relative stock price performance percentiles (assuming 17 companies in the Peer Group).

<b>Cimarex's Rank Among Peer Companies</b>	<b>Percent of Award Vesting</b>	<b>Relative Stock Price Performance Percentile</b>
1 through 5	100%	71-100%
6	94%	65%
7	88%	59%
8	81%	53%
9	75%	47%
10	69%	41%
11	63%	35%
12	56%	29%
13 through 17	50%	0-24%

On December 7, 2017, the Committee granted long-term equity awards to the NEOs with a total grant date fair value of \$20,850,000 based on competitive market data for companies in Cimarex's Compensation Peer Group. Comparative data was obtained by the Committee's independent consultant from public filings disclosing 2017 NEO compensation of companies in the Compensation Peer Group and the consultant's knowledge of other companies for which the consultant provides services. See "CD&A Competitive Positioning" for a list of the companies in the Compensation Peer Group.

The Committee's compensation consultant recommended awards with a value between the 75<sup>th</sup> percentile and 90<sup>th</sup> percentile when compared to companies in the Compensation Peer Group. The factors considered by the consultant in making its recommendations included the following:

Cimarex was the third-highest performing company in the Compensation Peer Group when comparing current stock price to the respective historical all-time high price. This is indicative of Cimarex's historical performance through industry cycles including the prolonged oil price decline beginning in late 2014.

Cimarex was the third-highest performer in the Compensation Peer Group based on three-year relative TSR performance.

Due to Cimarex's better relative stock price performance during the industry downturn compared to peers, the Company faces a potential disadvantage in the NEOs' ability to earn payouts based on relative stock price performance going forward.

The tenure of executives in their respective roles has increased and they achieved good overall performance.

The Committee approved awards within the recommended total pool range based on Cimarex's TSR compared to its Compensation Peer Group for the periods indicated, the total direct compensation of our NEOs compared to that of our peer companies, Cimarex's 2017 financial and operational performance, and the compensation consultant's recommendations. The Committee's consultant concurred with the Committee's final determination. The actual value of the awards upon vesting in December 2020 will be based on Cimarex's relative three-year stock price performance compared to the other companies in the Stock Performance Peer Group as described above and Cimarex's stock price at that time.

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The Committee granted a total of 233,065 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 38% of the shares to Mr. Jorden, 16% of the total shares to Mr. Albi, 16% to Mr. Lambuth, 15% to Mr. Bell and 14% to Mr. Burford. The following table reflects the awards made by the Committee:

<u>Name</u>	<u>No. of Shares Subject to Award</u>	<u>Grant Date Value of Long-Term Equity Incentive Award<sup>(1)</sup></u>
Thomas E. Jorden, CEO	89,425	\$ 8,000,000
G. Mark Burford, CFO	32,417	\$ 2,900,000
Joseph R. Albi, COO	38,006	\$ 3,400,000
Stephen P. Bell, EVP	35,211	\$ 3,150,000
John A. Lambuth, SVP	38,006	\$ 3,400,000

(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.

### **2017 Vesting of NEO Equity Awards**

On December 10, 2017, the performance period applicable to the December 10, 2014 NEO equity awards ended. Cimarex's relative stock price performance was in the 94<sup>th</sup> 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 the December 10, 2014 award.

The following table reflects the shares originally granted to each NEO in 2014 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	85,839	85,839
Joseph R. Albi, COO	41,738	41,738
Stephen P. Bell, EVP	35,477	35,477
John A. Lambuth, SVP <sup>(1)</sup>	39,651	39,651
G. Mark Burford, CFO <sup>(1)(2)</sup>	0	0

(1) During 2017, restricted share awards granted to Mr. Lambuth and Mr. Burford in 2012, prior to their becoming NEOs, vested. The restricted shares that vested in 2017 are included below in "Compensation Tables 2017 Option Exercises and Restricted Stock Vested."

(2) Mr. Burford did not receive a performance share award in 2014 because he was not CFO at that time.

The vesting of these awards and the value at vesting is also reported in "2017 Option Exercises and Restricted Stock Vested" table in this proxy statement. For a comparison of the grant date fair value of the performance shares granted in December 2014 to the value realized upon vesting in December 2017, see footnote 1 to that table.

### **Elimination of Tax Gross Up Payments**

In March 2013, the Board amended 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.

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

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

The following graph illustrates our CEO's direct compensation compared to our TSR for the years 2013 through 2017. 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 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, 2014 through December 31, 2016. The information only is provided through 2016 because 2017 CEO peer company compensation information is not publicly available at this time. The companies used for the relative

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comparison are the companies in our Compensation Peer Group. We also included, as a point of reference, Cimarex's CEO compensation for the years ended December 31, 2015 through December 31, 2017.

**Early 2018 Compensation Decisions**

**2018 Annual Cash Incentive Award Goals**

In February 2018, the Committee approved the following strategic goals and objectives that will apply to 2018 annual cash incentive awards that will be measured and paid in 2019:

2018 strategic goals:

- Achieve good return on invested capital.
- Manage the balance sheet as is prudently possible.
  - § Increase debt adjusted production per share.
  - § Increase debt adjusted reserves per share.
- Continue focus on staffing and succession planning at all levels.
- Continue emphasis on health, safety and the environment.

2018 tactical goals:

- Meet or exceed quarterly and annual production guidance targets.

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- Prepare a comprehensive and data-driven analysis of optimal E&P capital investment pace and return of capital.
- Continue to optimize midstream operations and expenditures.
- Continue to develop and advance field automation and water sourcing, disposal, and recycling solutions for development projects.
- Be opportunistic in business development arena.
- Continue to pursue technological advancement.

For the 2018 strategic goals concerning return on capital investment and debt adjusted production and reserves per share, the Committee has adopted numerical levels that correspond to poor, fair, good, very good and excellent

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achievement. The specific numerical levels will be discussed in the Compensation Discussion and Analysis concerning 2018 compensation decisions contained in the proxy statement for the 2019 Annual Meeting of Shareholders.

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 Committee with respect to each goal and provide the CEO's recommendation and the basis for the CEO's recommendations for individual awards. The 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 Committee. Each NEO, other than the CEO, has a threshold award of 0% of year-end base salary (no minimum award), a target award equal to 100% of year-end base salary, and a maximum award of 200% of year-end base salary. The CEO has a threshold award of 0% of year-end base salary, a target award equal to 125% of year-end base salary, and a maximum award of 250% of year-end base salary.

## SECTION 3

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

#### Compensation Consultant

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

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

The 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.

As part of its ongoing services to the Committee, one or more representatives of Longnecker attended six of the Committee meetings held in 2017. Longnecker provided the following services in 2017:

- Reviewed and provided input on the CD&A in the 2017 proxy statement;
- Attended the February 23, 2017 Compensation and Governance Committee meeting and consulted with the Committee on annual cash incentive awards;
- Attended the May 11, 2017 Compensation and Governance Committee meeting and consulted with the Committee on executive base salary levels;
- Made recommendations concerning the Compensation Peer Group;
- Conducted a market analysis of Board compensation and consulted with the Committee concerning Board compensation; and
- Provided an executive compensation analysis and a recommended range for long-term equity grants and participated in the December 7, 2017 Compensation and Governance Committee meeting and consulted with the Committee on performance



share awards.

**Management**

Our CEO and President is the principal management resource for compensation recommendations to the 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

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skills and advancement potential. The Committee considers the CEO's recommendations in making decisions regarding executive compensation. The Committee exercises its discretion to accept, reject or modify these compensation recommendations.

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

## **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 2018, the Board determined that a profit-sharing contribution of 4% would be made due to the Company's \$494.3 million of net income in 2017.

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 2017 Nonqualified Deferred Compensation" for information about contributions to the Supplemental Savings Plan. The 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.

### **Perquisites**

We offer a limited number of perquisites (personal benefits) to our NEOs that are not offered to other employees, including financial and estate planning and annual medical examinations. Our corporate aircraft is generally not available

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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. Our corporate aircraft was used for one trip by an employee and his spouse for his spouse's medical care in 2017 with the authorization of our CEO. There was no other personal use of corporate aircraft during the year.

## **Other Compensation Policies**

### **Total Pay Considerations**

The Committee considers Total Direct Compensation at the time it makes a decision on any element of executive compensation. The 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, pursuant to a revision made in December 2016, the CEO is expected to own Cimarex shares in an amount equal to six 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. Until the stock ownership guidelines are met, an executive officer or Director may not sell any Cimarex stock acquired through equity grants except to pay income taxes upon the vesting of awards or to pay the exercise price and related income taxes upon the exercise of stock options. Restricted stock, restricted stock units, deferred compensation units and performance awards are counted in calculating ownership. Shares subject to options are not counted. As of March 30, 2018, all officers and independent Directors were in compliance with the stock ownership guidelines other than Frances M. Vallejo, who joined the Board on May 11, 2017. Ms. Vallejo has until May 11, 2020 to comply with the 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 Committee has the right to use reasonable efforts to recover from any of our current or former executive officers 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 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**

The 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

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\$1 million per year. Through 2017, there were exceptions to the \$1 million limitation for performance-based compensation meeting certain requirements. The performance-based portion of our restricted stock awards made prior to November 2, 2017 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. These exceptions were eliminated by the Tax Cuts and Jobs Act enacted in December 2017. The Committee attempted to preserve the deductibility of compensation paid to executive officers by utilizing performance-based stock awards until this tax law change, but did not limit executive compensation to amounts deductible under Section 162(m) and does not plan to limit executive compensation to deductible amounts going forward.

**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 2018 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 2018 proxy statement.

THE COMPENSATION AND GOVERNANCE COMMITTEE

Floyd R. Price, Chairman  
Hans Helmerich  
David A. Hentschel  
Michael J. Sullivan

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

The following table describes 2015-2017 compensation of our CEO, CFO and the three other most highly compensated executive officers.

Name and Principal Position	Year	Salary	Bonus	Non-Equity Incentive			Total
				Stock Awards(1)	Option Awards(2)	Plan All Other Comp.(3)	
Thomas E. Jorden Chief Executive Officer, President, and Chairman of the Board (CEO) (Principal Executive Officer)	2017	\$ 960,000	\$ 8,000,000	\$ 2,000,000	\$ 94,129	\$ 11,054,129	
	2016	\$ 921,468	\$ 10,500,000	\$ 1,700,000	\$ 59,451	\$ 13,180,919	
	2015	\$ 870,750	\$ 6,424,530	\$ 435,375	\$ 59,481	\$ 7,790,136	
G. Mark Burford Vice President and Chief Financial Officer (CFO) (Principal Financial Officer)	2017	\$ 460,000	\$ 2,900,000	\$ 760,000	\$ 73,307	\$ 4,193,307	
	2016	\$ 429,779	\$ 3,200,000	\$ 690,000	\$ 47,679	\$ 4,367,458	
	2015	\$ 342,279	\$ 2,250,000	\$ 156,000	\$ 47,340	\$ 2,795,619	
Joseph R. Albi Executive Vice President Operations, Chief Operating Officer	2017	\$ 602,151	\$ 3,400,000	\$ 1,000,000	\$ 68,872	\$ 5,071,023	
	2016	\$ 578,876	\$ 4,000,000	\$ 888,000	\$ 58,072	\$ 5,524,948	
	2015	\$ 561,600	\$ 3,200,000	\$ 225,000	\$ 58,053	\$ 4,044,653	
Stephen P. Bell Executive Vice President Business	2017	\$ 498,459	\$ 3,150,000	\$ 850,000	\$ 68,186	\$ 4,566,645	
	2016	\$ 480,340	\$ 3,400,000	\$ 735,000	\$ 74,135	\$ 4,689,475	
	2015	\$ 467,625	\$ 2,850,000	\$ 163,000	\$ 75,195	\$ 3,555,820	

## Development

John A. Lambuth	2017	\$ 495,791	\$ 3,400,000	\$ 900,000	\$ 61,081	\$ 4,856,872
Senior Vice	2016	\$ 471,365	\$ 3,750,000	\$ 735,000	\$ 52,753	\$ 5,009,118
President	2015	\$ 427,168	\$ 3,050,000	\$ 156,000	\$ 51,803	\$ 3,684,971
Exploration						

(1)

Represents the grant date fair value of the awards, which is the aggregate compensation cost to be recognized over the service period under FASB ASC Topic 718. The grant-date fair value is determined using the Monte Carlo simulation method. 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 relative stock price performance in comparison to the peer group at the end of 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 2017 based on the closing price of the Company's common stock on the December 7, 2017 date of grant would have been as follows: Mr. Jorden \$9,915,493; Mr. Burford \$3,594,366; Mr. Albi \$4,214,085; Mr. Bell \$3,904,225; and Mr. Lambuth \$4,214,085.

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(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:

Executive Officer	Company Contributions to			Financial Consulting Service and Estate Planning Benefits	Total Other Compensation
	Unused Vacation	Retirement Plans	Insurance Premiums		
<b>Thomas E. Jorden, CEO</b>					
2017	\$	\$ 46,800	\$ 27,512	\$ 19,817	\$ 94,129
2016	\$	\$ 36,000	\$ 23,451	\$	\$ 59,451
2015	\$	\$ 36,000	\$ 23,481	\$	\$ 59,481
<b>G. Mark Burford, CFO</b>					
2017	\$	\$ 46,800	\$ 14,571	\$ 11,936	\$ 73,307
2016	\$ 3,437	\$ 36,000	\$ 8,242	\$	\$ 47,679
2015	\$ 2,411	\$ 36,000	\$ 8,929	\$	\$ 47,340
<b>Joseph R. Albi, COO</b>					
2017	\$	\$ 46,800	\$ 22,072	\$	\$ 68,872
2016	\$	\$ 36,000	\$ 22,072	\$	\$ 58,072
2015	\$	\$ 36,000	\$ 22,053	\$	\$ 58,053
<b>Stephen P. Bell, EVP</b>					
2017	\$	\$ 46,800	\$ 21,386	\$	\$ 68,186
2016	\$ 16,749	\$ 36,000	\$ 21,386	\$	\$ 74,135
2015	\$ 17,986	\$ 36,000	\$ 21,209	\$	\$ 75,195
<b>John A. Lambuth, SVP</b>					
2017	\$	\$ 46,800	\$ 14,281	\$	\$ 61,081
2016	\$	\$ 36,000	\$ 16,753	\$	\$ 52,753
2015	\$	\$ 36,000	\$ 15,803	\$	\$ 51,803

Table of Contents**2017 GRANTS OF PLAN-BASED AWARDS****2017 Non-Equity Incentive Plan**

The following table describes the target and maximum amounts of annual cash incentive awards for the CEO and other NEOs and the actual award paid in March 2018 for 2017 services. The non-equity incentive plan provides for no minimum (threshold) award. The amounts listed in the *Target* column represent 125% of the year-end base salary for CEO and 100% of the year-end base salary for other NEOs. The amounts listed in the *Maximum* column represent 250% of year-end base salary for CEO and 200% of the year-end base salary for other NEOs. See the description of our annual cash incentive award plan in "CD&A Section 2."

<u>Name</u>	<b>Estimated Future Payouts Under Non-Equity Incentive Plan</b>			<b>Actual Award Paid in</b>
	<u>Threshold</u>	<u>Target</u>	<u>Maximum</u>	<u>March 2018</u>
Thomas E. Jorden, CEO	\$ 0	\$ 1,200,000	\$ 2,400,000	\$ 2,000,000
G. Mark Burford, CFO	\$ 0	\$ 460,000	\$ 920,000	\$ 760,000
Joseph R. Albi, COO	\$ 0	\$ 610,000	\$ 1,220,000	\$ 1,000,000
Stephen P. Bell, EVP	\$ 0	\$ 505,000	\$ 1,010,000	\$ 850,000
John A. Lambuth, SVP	\$ 0	\$ 508,000	\$ 1,016,000	\$ 900,000

**2017 Equity Incentive Plan Awards**

The following table provides information regarding the awards of restricted stock made to the NEOs in 2017. No option awards were made in 2017. See "CD&A Section 2 Long Term Equity Incentive Award Program," for more information about these awards.

<u>Name</u>	<u>Type of Award</u> <sup>(1)</sup>	<u>Grant Date</u> <sup>(1)</sup>	<u>Approval</u> <sup>(1)</sup>	<b>Estimated Future Payouts Under Equity Incentive Plan Awards</b>		<b>Grant Date Fair Value of Stock &amp; Option Awards</b> <sup>(4)</sup>
				<u>Threshold</u> <sup>(2)</sup>	<u>Target</u> <sup>(3)</sup> <u>Maximum</u>	
Thomas E. Jorden, CEO	PSA	12/7/17	17/1744,712	None	89,425	\$ 8,000,000
G. Mark Burford, CFO	PSA	12/7/17	17/1716,208	None	32,417	\$ 2,900,000
Joseph R. Albi, COO	PSA	12/7/17	17/1719,002	None	38,006	\$ 3,400,000



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Stephen P. Bell, EVP	PSA 12/7/17/1717,605	None	35,211	\$ 3,150,000
John A. Lambuth, SVP	PSA 12/7/17/1719,002	None	38,006	\$ 3,400,000

(1)

PSA = Performance stock awards

(2)

One-half of the total potential award will vest on completion of continuous service on December 1, 2020.

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- (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 for the three year performance period ending December 1, 2020. 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 stock price performance upon satisfaction of the continuous service requirement.
- (4) Represents the estimated 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.

**OUTSTANDING EQUITY AWARDS AT DECEMBER 31, 2017**

<b>Name</b>	<b>STOCK AWARDS</b>	
	<b>No. of Shares</b>	<b>Market Value of Unearned Shares<sup>(1)</sup></b>
Thomas E. Jorden, CEO	252,415 <sup>(2)</sup>	\$ 30,797,154
G. Mark Burford, CFO	93,442 <sup>(3)</sup>	\$ 11,400,858
Joseph R. Albi, COO	108,734 <sup>(4)</sup>	\$ 13,266,635
Stephen P. Bell, EVP	96,821 <sup>(5)</sup>	\$ 11,813,130
John A. Lambuth, SVP	104,887 <sup>(6)</sup>	\$ 12,797,263

(1) The amount in this column reflects the closing market price of the stock of \$122.01 on December 29, 2017 (the last trading day of 2017) multiplied by the number of shares reported in the previous column.

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- (2) Between a minimum of 36,863 and a maximum of 73,727 shares could vest on December 9, 2018, between a minimum of 44,631 and a maximum of 89,263 shares could vest on December 1, 2019, and between a minimum of 44,712 and a maximum of 89,425 shares could vest on December 1, 2020.
- (3) 4,500 shares will vest on July 15, 2018, 3,500 shares will vest on July 31, 2019, and between a minimum of 12,910 and a maximum of 25,821 shares could vest on December 9, 2018, between a minimum of 13,602 and a maximum of 27,204 shares could vest on December 1, 2019, and between a minimum of 16,208 and a maximum of 32,417 shares could vest on December 1, 2020.
- (4) Between a minimum of 18,361 and a maximum of 36,723 shares could vest on December 9, 2018, between a minimum of 17,002 and a maximum of 34,005 shares could vest on December 1, 2019, and between a minimum of 19,002 and a maximum of 38,006 shares could vest on December 1, 2020.
- (5) Between a minimum of 16,353 and a maximum of 32,706 shares could vest on December 9, 2018, between a minimum of 14,452 and a maximum of 28,904 shares could vest on December 1, 2019, and between a minimum of 17,605 and a maximum of 35,211 shares could vest on December 1, 2020.
- (6) Between a minimum of 17,500 and a maximum of 35,001 shares could vest on December 9, 2018, between a minimum of 15,940 and a maximum of 31,880 shares could vest on December 1, 2019, and between a minimum of 19,002 and a maximum of 38,006 shares could vest on December 1, 2020.
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Name	2017 OPTION EXERCISES		2017 STOCK VESTING <sup>(1)</sup>	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)
Thomas E. Jorden, CEO		\$	85,839	\$ 9,605,384
G. Mark Burford, CFO		\$	4,000	\$ 369,920
Joseph R. Albi, COO		\$	41,738	\$ 4,670,482
Stephen P. Bell, EVP		\$	35,477	\$ 3,969,876
John A. Lambuth, SVP		\$	43,651	\$ 4,806,866

(1) The restricted shares that vested in December 2017 as shown in the table consisted of performance shares granted to the NEOs in December 2014 (other than Mr. Burford, who was not a NEO in December 2014 and did not receive a performance share award), plus time-based restricted shares that were granted to Mr. Burford and Mr. Lambuth in prior years when they were not NEOs. The following is a comparison of the grant date fair value of the performance shares granted in December 2014 to the value realized upon vesting of those performance shares in December 2017 (excluding the time-based restricted shares that vested in 2017 for Mr. Burford and Mr. Lambuth). The Value Realized Upon Vesting exceeded the Grant Date Fair Value ("GDFV") because the Company ranked second in relative stock price performance compared to its Stock Performance Peer Group over the vesting period, resulting in 100% vesting, and the Company's stock price was higher on the vesting date compared to the date of grant.

NEO	Performance Shares Granted in December 2014	GDFV of Performance Shares Granted in December 2014	Performance Shares Vested in December 2017	Value Realized Upon Vesting in December 2017
Thomas E. Jorden, CEO	85,839	\$ 7,143,522	85,839	\$ 9,605,384
G. Mark Burford, CFO				
Joseph R. Albi, COO	41,738	\$ 3,473,436	41,738	\$ 4,670,482
Stephen P. Bell, EVP	35,477	\$ 2,952,396	35,477	\$ 3,969,876
John A. Lambuth, SVP	39,651	\$ 3,299,756	39,651	\$ 4,436,947

**2017 NONQUALIFIED DEFERRED COMPENSATION**

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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 1 of the calendar year of deferral (2017 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

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to 100% of his or her bonus withheld from his or her compensation and allocated to his or her SSP account. Cimarex does not match these contributions.

Name	Executive Contributions <sup>(1)</sup>	Registrant Contributions <sup>(2)</sup>	Aggregate Earnings	Aggregate Withdrawals/ Distributions	Aggregate Balance at FYE
<b>Thomas E. Jorden, CEO</b>					
2017	\$ 18,000	\$ 18,000	\$ 15,169	\$	\$ 743,658 <sup>(3)</sup>
2016	\$ 18,000	\$ 18,000	\$ 6,017	\$	\$ 692,912
2015	\$ 18,000	\$ 18,000	\$ 699	\$	\$ 651,318
<b>G. Mark Burford, CFO</b>					
2017	\$ 18,000	\$ 18,000	\$ 44,899	\$	\$ 319,734 <sup>(3)</sup>
2016	\$ 18,000	\$ 18,000	\$ 20,802	\$	\$ 239,258
2015	\$ 18,000	\$ 18,000	\$ <2,684>	\$	\$ 182,879
<b>Joseph R. Albi, COO</b>					
2017	\$ 18,000	\$ 18,000	\$ 94,735	\$	\$ 743,726 <sup>(3)</sup>
2016	\$ 18,000	\$ 18,000	\$ 60,995	\$	\$ 613,414
2015	\$ 18,000	\$ 18,000	\$ <10,588>	\$	\$ 516,842
<b>Stephen P. Bell, EVP</b>					
2017	\$ 18,000	\$ 18,000	\$ 5,761	\$	\$ 727,499 <sup>(3)</sup>
2016	\$ 18,000	\$ 18,000	\$ 2,882	\$	\$ 686,161
2015	\$ 18,000	\$ 18,000	\$ <691>	\$	\$ 647,702
<b>John A. Lambuth, SVP</b>					
2017	\$ 18,000	\$ 18,000	\$ 74,608	\$	\$ 642,400 <sup>(3)</sup>
2016	\$ 50,996	\$ 18,000	\$ 23,193	\$	\$ 532,216
2015	\$ 18,000	\$ 18,000	\$ 55	\$	\$ 440,450

(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)

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The following table sets forth amounts included in the aggregate balance at December 31, 2017 that were reported as compensation to the NEO in the Summary Compensation Table for previous years.

<b>NEO</b>	<b>Amount of Previously Reported Compensation</b>
Thomas E. Jorden, CEO	\$ 619,618
G. Mark Burford, CFO	\$ 190,189
Joseph R. Albi, COO	\$ 429,148
Stephen P. Bell, EVP	\$ 508,502
John A. Lambuth, SVP	\$ 414,007
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## **CEO PAY RATIO**

Beginning with this proxy statement, prepared for the 2018 Annual Meeting of Shareholders, the SEC requires the disclosure of the ratio of the pay of the CEO and the identified median employee. The 2017 annual total compensation of our CEO, as shown in the "Summary Compensation Table" above, was \$11,054,129. The annual total compensation of Cimarex's identified median employee was \$119,127 in 2017. This results in a ratio of 93 to 1.

As noted above, Cimarex's executive compensation program links a significant portion of executive compensation to the Company's performance through variable pay programs, including annual and long term incentives. Consequently, 90% of the compensation of the Chief Executive Officer is considered "At Risk" pay and is only realized if Cimarex meets certain performance measures. By way of comparison, none of the median employee's compensation was at risk.

The median employee was identified from the total employee population as of December 31, 2017. Not including the CEO, this represents 891 full-time and 18 part-time or seasonal employees. We calculated the median total compensation by a simple array of lowest to highest of the wages reflected as Medicare Taxable Earnings as reported on Internal Revenue Service Form W-2 (Box 5) for 2017. We made no assumptions, adjustments, or estimates with regard to total compensation, and we did not annualize the compensation for any employees that were not employed by us the entire year.

## **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;

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.

### **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





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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.

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 Jordan 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 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 <sup>(1)</sup>	CASH INCENTIVE <sup>(2)</sup>	LONG TERM AWARDS PAYOUT <sup>(3)</sup>	SUPPLEMENTAL SAVINGS <sup>(4)</sup>	OTHER BENEFITS <sup>(5)</sup>
Thomas E. Jorden, CEO	\$ 5,581,468	\$ 2,000,000	\$ 30,797,154	\$ 743,658	\$ 118,474
G. Mark Burford, CFO	\$ 2,339,779	\$ 760,000	\$ 11,400,858	\$ 319,734	\$ 98,794
Joseph R. Albi, COO	\$ 3,069,027	\$ 1,000,000	\$ 13,266,635	\$ 743,726	\$ 94,541
Stephen P. Bell, EVP	\$ 2,563,799	\$ 850,000	\$ 11,813,130	\$ 727,499	\$ 69,179
John A. Lambuth, SVP	\$ 2,602,156	\$ 900,000	\$ 12,797,263	\$ 642,400	\$ 92,013

(1) Amount represents two times the annual average compensation (salary and cash incentive bonus) paid to the executive for 2016 and 2017, as provided in the Change in Control Severance Plan. The salary amounts include deferred compensation amounts reported in the *Salary* column of the "Summary Compensation Table" (see footnote (3) to the "2017 Nonqualified Deferred Compensation" table above).

(2) Amount represents the average incentive bonus as provided in the Change in Control Severance Plan. This is the actual approved bonus for 2017.

(3) Amount represents the value of accelerated vesting of restricted stock based upon the closing price of Cimarex's common stock as of December 29, 2017, the last trading day of 2017, of \$122.01 per share. Includes amounts previously reported in the *Stock Awards* column of the "Summary Compensation Table."

(4) Amount represents estimated payments under the Supplemental Savings Plan. Includes deferred compensation amounts reported in the *Salary* column of the "Summary Compensation Table" (see footnote (3) to the 2017 Nonqualified Deferred Compensation table

above).

(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, 2017. 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.

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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.

NAME	TERMINATION CHANGE TERMINATION			
	WITHOUT CAUSE (D)(1)	AS A RESULT OF DEATH OR DISABILITY (C+D)(1)	IN CONTROL (No Termination) (C)(1)	ON CHANGE IN CONTROL (A+B+C+D+E)(1)
Thomas E. Jorden, CEO	\$ 743,658	\$ 31,540,812	\$ 30,797,154	\$ 39,240,754
G. Mark Burford, CFO	\$ 319,734	\$ 11,720,592	\$ 11,400,858	\$ 14,919,165
Joseph R. Albi, COO	\$ 743,726	\$ 14,010,361	\$ 13,266,635	\$ 18,173,929
Stephen P. Bell, EVP	\$ 727,499	\$ 12,540,629	\$ 11,813,130	\$ 16,023,607
John A. Lambuth, SVP	\$ 642,400	\$ 13,439,663	\$ 12,797,263	\$ 17,033,832

(1) The alphabetical code refers to the elements of compensation that may be included upon various termination scenarios as described in the table at the beginning of this section, "Estimated Benefits upon Various Termination Scenarios."

## 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 2017 Annual Meeting of Shareholders, 97% 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 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 2016 and early 2017 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 2017, as it believes the programs continue to retain, attract, when appropriate, and appropriately incent senior management.

At the 2018 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.



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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 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, as well as an audit of the Company's internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB) and issuing reports 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, 2017 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, the Audit Committee has received from KPMG the communication required by 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 PCAOB Auditing Standard No. 1301, Communications with Audit Committees.

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, 2017.

### THE AUDIT COMMITTEE

Monroe W. Robertson, Chairman

Harold R. Logan, Jr.

Lisa A. Stewart

Frances M. Vallejo

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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 2018. 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 2018.**

### 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, 2017 and December 31, 2016, and fees billed for other services rendered by KPMG LLP during those periods:

	<b>Years Ended</b>	
	<b><u>December 31,</u></b>	
	<b><u>2017</u></b>	<b><u>2016</u></b>
Audit Fees <sup>(1)</sup>	\$ 1,162,045	\$ 1,083,169
Audit-Related Fees <sup>(2)</sup>	\$ 101,850	\$ 0
Tax Fees <sup>(3)</sup>	\$ 210,286	\$ 200,000
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.

### 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 2016 and 2017.

## 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





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all reports were timely filed in 2017. Subsequent to December 31, 2017, Harold R. Logan, Jr. reported on a Form 5 a late Form 4 transaction that originally occurred on February 22, 2012 due to a recently discovered administrative oversight.

**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 2nd Street, Tulsa, Oklahoma 74103, on May 10, 2018, 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 7, 2018, 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)**

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

**Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Shareholders to be held May 10, 2018.**

**The Proxy Statement and our 2017 Annual Report to Shareholders are available at: <http://www.allianceproxy.com/cimarex/2018>**

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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 Yes like this  x

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

1. Election of three Class I directors:

	<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
(01) Joseph R. Albi	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(02) Lisa A. Stewart	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(03) Michael J. Sullivan	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	<b>FOR</b>	<b>AGAINST</b>	<b>ABSTAIN</b>
2. Advisory vote to approve executive compensation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3. Ratify the appointment of KPMG LLP as our independent auditors for 2018	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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DO NOT PRINT IN THIS AREA  
(Shareholder Name & Address Data)

I plan on attending the meeting

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: \_\_\_\_\_, 2018

**CONTROL NUMBER**

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

**CIMAREX ENERGY CO.**

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

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 11:59 p.m., Eastern Time, on May 9, 2018.

### **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.AALvote.com/XEC](http://www.AALvote.com/XEC)**

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 (866) 804-9616**

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.

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