CIMAREX ENERGY CO
Form 10-K
February 26, 2014

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D C 20549

Form 10-K

(Mark One)

ý **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2013

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 001-31446

CIMAREX ENERGY CO.

(Exact name of registrant as specified in its charter)

Delaware	**45-0466694**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

1700 Lincoln Street, Suite 1800, Denver, Colorado 80203
(Address of principal executive offices including ZIP code)

(303) 295-3995
(Registrant's telephone number)

Securities Registered Pursuant to Section 12(b) of the Act:

Title of Each Class	Name of each exchange on which registered
Common Stock ($0.01 par value)	New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES ý NO o

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES o NO ý

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES ý NO o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ý NO o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ý

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ý	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES o NO ý

Aggregate market value of the voting stock held by non-affiliates of Cimarex Energy Co. as of June 30, 2013 was approximately $5.5 billion.

Number of shares of Cimarex Energy Co. common stock outstanding as of February 14, 2014 was 87,012,034. Documents Incorporated by Reference: Portions of the Registrant's Proxy Statement for its 2014 Annual Meeting of Stockholders are incorporated by reference into Part III of this Form 10-K.

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DESCRIPTION

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GLOSSARY

Bbl/d Barrels (of oil or natural gas liquids) per day

Bbls Barrels (of oil or natural gas liquids)

Bcf Billion cubic feet

Bcfe Billion cubic feet equivalent

Btu British thermal unit

MBbls Thousand barrels

Mcf Thousand cubic feet (of natural gas)

Mcfe Thousand cubic feet equivalent

MMBbl/MMBbls Million barrels

MMBtu Million British thermal units

MMcf Million cubic feet

MMcf/d Million cubic feet per day

MMcfe Million cubic feet equivalent

MMcfe/d Million cubic feet equivalent per day

Net Acres Gross acreage multiplied by working interest percentage

Net Production Gross production multiplied by net revenue interest

NGL or NGLs Natural gas liquids

Tcf Trillion cubic feet

Tcfe Trillion cubic feet equivalent

One barrel of oil or NGL is the energy equivalent of six Mcf of natural gas

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PART I

Forward-Looking Statements

Throughout this Form 10-K, we make statements that may be deemed "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. In particular, in our Management's Discussion and Analysis of Financial Condition, we are providing "*2014 Outlook,"* which contains projections for certain 2014 operational activities. All statements, other than statements of historical facts, that address activities, events, outcomes and other matters that Cimarex plans, expects, intends, assumes, believes, budgets, predicts, forecasts, projects, estimates or anticipates (and other similar expressions) will, should or may occur in the future are forward-looking statements. These forward-looking statements are based on management's current belief, based on currently available information, as to the outcome and timing of future events. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements in this Form 10-K. Forward-looking statements include statements with respect to, among other things:

- Fluctuations in the price we receive for our oil and gas production;
- Timing and amount of future production of oil and natural gas;
- Reductions in the quantity of oil and gas sold due to decreased industrywide demand and/or curtailments in production from specific properties or areas due to mechanical, transportation, marketing, weather or other problems;
- Amount, nature and timing of capital expenditures;
- Operating costs and other expenses;
- Operating and capital expenditures that are either significantly higher or lower than anticipated because the actual cost of identified projects varied from original estimates and/or from the number of exploration and development opportunities being greater or fewer than currently anticipated;
- Exploration and development opportunities that we pursue may not result in economic, productive oil and gas properties;
- Drilling of wells;
- Reserve estimates;
- Cash flow and anticipated liquidity;
- Estimates of proved reserves, exploitation potential or exploration prospect size;
- Legislation and regulatory changes;
- Increased financing costs due to a significant increase in interest rates;

Access to capital markets.

We caution you that these forward-looking statements are subject to all of the risks and uncertainties, many of which are beyond our control, incident to the exploration for and development, production and sale of oil and gas. These risks include, but are not limited to, commodity price volatility, inflation, lack of availability of goods and services, environmental risks, drilling and other operating risks, regulatory changes, the uncertainty inherent in estimating proved oil and natural gas reserves and in projecting future rates of production and timing of development expenditures and other risks described herein.

Reserve engineering is a subjective process of estimating underground accumulations of oil and natural gas that cannot be measured in an exact way. The accuracy of any reserve estimate depends on the quality of available data and the interpretation of such data by our engineers. As a result, estimates made by different engineers often vary from one another. In addition, the results of drilling, testing and

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production activities may justify revisions of estimates that were made previously. If significant, such revisions could change the timing of future production and development drilling. Accordingly, reserve estimates are generally different from the quantities of oil and natural gas that are ultimately recovered.

Should one or more of the risks or uncertainties described above or elsewhere in this Form 10-K cause our underlying assumptions to be incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements.

All forward-looking statements, express or implied, included in this Form 10-K and attributable to Cimarex are qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that Cimarex or persons acting on its behalf may issue. Cimarex does not undertake any obligation to update any forward-looking statements to reflect events or circumstances after the date of filing this Form 10-K with the Securities and Exchange Commission, except as required by law.

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ITEM 1. BUSINESS

General

Cimarex Energy Co., a Delaware corporation formed in 2002, is an independent oil and gas exploration and production company. Our operations are mainly located in Oklahoma, Texas and New Mexico. Our website address is www.cimarex.com. There you will find our news releases, annual reports, proxy statements, Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, insider (Section 16) filings (Forms 3, 4, and 5) and all other Securities and Exchange Commission (SEC) filings. We have also posted our Code of Ethics, Code of Business Conduct, Corporate Governance Guidelines, Audit Committee Charter and Compensation and Governance Committee Charter. Copies of these documents are available in print upon a written or telephonic request to our Corporate Secretary. Throughout this Form 10-K we use the terms "Cimarex," "company," "we," "our," and "us" to refer to Cimarex Energy Co. and its subsidiaries.

Proved oil and gas reserves as of year-end 2013 totaled 2.5 Tcfe, consisting of 1.3 Tcf of natural gas, 108,533 MBbls of oil and 92,044 MBbls of NGLs. Of total proved reserves, 80% are classified as proved developed.

Our 2013 production averaged 692.6 MMcfe per day, comprised of 343.1 MMcf of gas, 36,659 barrels of oil and 21,578 barrels of NGL. The wells we operate account for 75% of total proved reserves and approximately 77% of production.

Our corporate headquarters are located at 1700 Lincoln Street, Suite 1800, Denver, Colorado 80203 and our main telephone number at that location is (303) 295-3995.

2013 Financial and Operating Highlights

During 2013, we accomplished the following:

- Invested $1.6 billion in exploration and development
- Delineated and expanded our Delaware Basin acreage position uncovering several long-term future drilling projects
- Generated a record $2.0 billion of revenues
- Grew production 11% to a record 692.6 MMcfe/d
- Increased proved reserves 11% to 2.5 Tcfe; 26% of which are oil
- Added 727 Bcfe of proved reserves from extensions and discoveries
- Realized net income of $564.7 million, or $6.47 per diluted share, which benefited from a reduction in our estimated exposure to litigation expense of $90.3 million (after tax), that had been accruing since 2008
- Generated $1.3 billion of cash flow from operating activities

Business Strategy

Our principal business objective is to profitably grow proved reserves and production for the long-term benefit of our stockholders through a diversified drilling portfolio. Our strategy centers on maximizing cash flow from producing properties and profitably reinvesting that cash flow in exploration and development. While our primary focus is drilling, we occasionally consider acquisition and merger opportunities that allow us to either enhance our competitive position in existing core areas or to add new areas. Key elements to our approach include:

Maintaining a diversified portfolio of drilling opportunities, with varying geologic characteristics, in different geographic areas and commodity type exposure

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Detailed evaluation of drilling decisions based on risk-adjusted discounted cash flow rate of return on investment

Tracking predicted and actual results in a centralized exploration management system that provides feedback to improve results

Attracting quality employees and maintaining integrated teams of geoscientists, landmen and engineers

Maximizing profitability by efficiently operating our properties

Maintaining a strong financial structure

We believe that detailed technical analysis, operational focus and a disciplined capital investment process mitigates risk and positions us to continue to achieve profitable increases in proved reserves and production. Further, our diversified portfolio and limited long-term capital commitments provide the flexibility to respond quickly to industry volatility.

Our drilling portfolio is principally split between the Permian Basin and Mid-Continent regions. Exploration and development (E&D) capital expenditures for 2013 totaled $1.57 billion. Of total expenditures, 65% were invested in the Permian Basin and 31% in the Mid-Continent area. Our Permian Basin efforts generated our best rates of return in 2013 and are focused on drilling horizontal oil and liquids-rich gas wells in the Bone Spring formations in Texas and New Mexico and to the Wolfcamp shale formation in Texas. In the Mid-Continent, our activity has been focused in the liquids-rich gas portion of the Cana-Woodford shale.

Conservative use of leverage has long been a part of our financial strategy. We believe that maintaining a strong balance sheet mitigates financial risk and enables us to withstand low prices. At year-end 2013, we had $924 million of long-term debt and $4.02 billion of stockholders equity.

Business Segments

Cimarex has one reportable segment (exploration and production).

Exploration and Production Overview

Our exploration and production (E&P) activities are conducted primarily in two main areas: the Permian Basin and the Mid-Continent region. The Permian Basin encompasses west Texas and southeast New Mexico. The Mid-Continent region consists of Oklahoma, the Texas Panhandle and southwest Kansas.

A summary of our 2013 exploration and development activity by region is as follows.

	Exploration and Development Capital (in millions)	Gross Wells Drilled	Net Wells Drilled	Completion Rate	12/31/13 Proved Reserves (Bcfe)
Permian Basin	$ 1,019	175	115	99%	1,006
Mid-Continent	480	183	65	100%	1,461
Other	66	7	5	43%	30
	$ 1,565	365	185	99%	2,497

Permian Basin

Our Permian Basin operations cover west Texas and southeast New Mexico. In total, Cimarex drilled 175 gross (115 net) wells in this area during 2013, completing 174 gross (114 net) as producers. Capital investment in this area totaled $1,019 million, or 65% of total 2013 capital.

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Drilling principally occurred in the Delaware Basin portion of New Mexico and West Texas, mainly targeting the Bone Spring and Wolfcamp formations. Cimarex drilled and completed 73 gross (40 net) New Mexico Bone Spring wells in 2013. Texas Third Bone Spring drilling totaled 39 gross (28 net) wells.

In addition, Cimarex drilled and completed 26 gross (21 net) horizontal Wolfcamp shale wells in Culberson and Reeves Counties, Texas in 2013. The company now has over 180,000 net acres prospective for the Wolfcamp shale formation in the Delaware Basin.

Cimarex also successfully tested an oil window in the Avalon shale interval on our acreage in Lea County, New Mexico. We completed five gross (five net) wells during 2013.

Mid-Continent

Our Mid-Continent region encompasses operations in Oklahoma, southwest Kansas and the Texas Panhandle. We drilled 183 gross (65 net) Mid-Continent wells during 2013, completing all as producers. The bulk of this drilling activity was in the Anadarko Basin of western Oklahoma, where we drilled 149 gross (54 net) wells which were primarily infill development wells. At year-end there were 54 gross (22 net) wells waiting on completion. Capital investment in this region in 2013 totaled $480 million, or 31% of total E&D capital.

Our largest investment area was in the Cana-Woodford shale play. We have approximately 75,000 net acres in the core of the play.

Production, Pricing and Production Cost Information

The following tables set forth certain information regarding the company's production volumes by region, the average commodity prices received and production cost per unit of production (Mcfe). This data is also included for our Cana-Woodford project, which is part of our Mid-Continent region. In 2013, proved reserves of Cana-Woodford were approximately 43% of the company's total proved reserves. No other field had reserves in excess of 15% of our total proved reserves.

	Production Volumes				Net Average Daily Volumes			
Years Ending December 31,	**Gas (MMcf)**	**Oil (MBbls)**	**NGL (MBbls)**	**Equivalent (MMcfe)**	**Gas (MMcf)**	**Oil (MBbls)**	**NGL (MBbls)**	**Equivalent (MMcfe)**
2013								
Permian Basin	35,414	10,739	2,823	116,783	97.0	29.4	7.7	320.0
Mid-Continent	84,779	2,171	4,757	126,345	232.3	5.9	13.0	346.1
Other	5,055	470	296	9,659	13.8	1.4	0.9	26.5
Total company	125,248	13,380	7,876	252,787	343.1	36.7	21.6	692.6
Cana-Woodford	50,919	1,150	3,863	81,000	139.5	3.2	10.6	221.9
2012								
Permian Basin	29,135	8,750	2,480	96,517	79.6	23.9	6.8	263.7
Mid-Continent	80,998	2,210	3,962	118,029	221.3	6.1	10.8	322.5
Other	8,362	556	510	14,754	22.9	1.5	1.4	40.3
Total company	118,495	11,516	6,952	229,300	323.8	31.5	19.0	626.5
Cana-Woodford	43,222	898	2,830	65,593	118.1	2.5	7.7	179.2
2011								
Permian Basin	26,848	6,121	1,228	70,944	73.6	16.8	3.4	194.4
Mid-Continent	74,078	2,078	3,378	106,811	203.0	5.7	9.3	292.6
Other	19,187	1,579	1,630	38,443	52.5	4.3	4.4	105.3
Total company	120,113	9,778	6,236	216,198	329.1	26.8	17.1	592.3
Cana-Woodford	30,187	630	2,194	47,130	82.7	1.7	6.0	129.1

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	Average Sales Price			Production
Years Ending December 31,	Gas (per MCF)	Oil (per Bbl)	NGL (per Bbl)	Cost (per Mcfe)
2013				
Permian Basin	$ 3.91	$ 93.02	$ 26.13	$ 1.48
Mid-Continent	$ 3.70	$ 93.48	$ 31.25	$ 0.76
Other	$ 3.74	$ 102.67	$ 29.81	$ 1.85
Total company	$ 3.76	$ 93.44	$ 29.36	$ 1.13
Cana-Woodford	$ 3.57	$ 94.33	$ 30.64	$ 0.27
2012				
Permian Basin	$ 2.93	$ 87.93	$ 30.78	$ 1.50
Mid-Continent	$ 2.86	$ 90.41	$ 29.91	$ 0.77
Other	$ 2.88	$ 105.37	$ 35.95	$ 1.55
Total company	$ 2.88	$ 89.25	$ 30.66	$ 1.13
Cana-Woodford	$ 2.69	$ 90.64	$ 29.67	$ 0.25
2011				
Permian Basin	$ 4.94	$ 90.81	$ 44.70	$ 1.88
Mid-Continent	$ 4.26	$ 91.62	$ 38.73	$ 0.80
Other	$ 4.27	$ 103.31	$ 47.91	$ 0.79
Total company	$ 4.42	$ 93.00	$ 42.31	$ 1.14
Cana-Woodford	$ 3.92	$ 91.71	$ 38.38	$ 0.18

Our largest producing area is the Mid-Continent region. During 2013, Mid-Continent production averaged 346.1 MMcfe/d, or 50% of total production. Infill development drilling activity in the Cana-Woodford shale play resulted in Mid-Continent production increasing 7% in 2013.

The Permian Basin contributed 320.0 MMcfe/d in 2013, which was 46% of our total production. It was our most active drilling area in 2013 as higher oil prices led to strong returns on investment. Most of the activity was focused in the Bone Spring and Wolfcamp formations. Oil production in the Permian Basin was a record 29,421 Bbl/d, a 23% increase over 2012.

Acquisitions and Divestitures

In 2013, we sold interests in non-core oil and gas assets for $61.5 million. During the second quarter of 2013, we also sold a 50% interest in our Culberson County, Texas Triple Crown gas gathering and processing system for approximately $31 million. Total property acquisitions during 2013 were $37.1 million, mostly for undeveloped acreage in Reeves County, Texas.

During 2012, we sold interests in non-core oil and gas assets for $306 million. Of this total, $290 million was related to non-core oil and gas assets located in Texas. We had property acquisitions of $33.5 million during 2012, most of which were undeveloped acreage in the Permian Basin.

Marketing

Our oil and gas production is sold under short-term arrangements at market-responsive prices. We sell our oil at prices tied directly or indirectly to field postings. Our gas is sold under pricing mechanisms related to either monthly index prices on pipelines where we deliver our gas or the daily spot market.

We sell our oil and gas to a broad portfolio of customers. Our major customers during 2013 were Enterprise Products Partners L.P. (Enterprise) and Sunoco Logistics Partners L.P. (Sunoco). Enterprise and Sunoco accounted for 24% and 22%, respectively, of our consolidated revenues in 2013. Enterprise is our primary oil purchaser in Oklahoma and West Texas. Sunoco is a significant purchaser of our oil in Southeast New Mexico. If either of these entities were to stop purchasing our production, there are a number of other purchasers to whom we could sell our production with little delay. If both parties were to discontinue purchasing our product, there would be challenges initially, but ample markets to handle the disruption. We regularly monitor the credit worthiness of all our customers and may require parental guarantees, letters of credit or prepayments when deemed necessary.

Employees

Cimarex had 908 employees on December 31, 2013. None of our employees are subject to collective bargaining agreements.

Competition

The oil and gas industry is highly competitive, particularly for prospective undeveloped leases and purchases of proved reserves. There is also competition for rigs and related equipment used to drill for and produce oil and gas. Our competitive position is also highly dependent on our ability to recruit and retain geological, geophysical and engineering expertise. We compete for prospects, proved reserves, oil-field services and qualified oil and gas professionals with major and diversified energy companies and other independent operators that have larger financial, human and technological resources than we do.

We compete with integrated, independent and other energy companies for the sale and transportation of our oil and gas to marketing companies and end users. The oil and gas industry competes with other energy industries that supply fuel and power to industrial, commercial and residential consumers. Many of these competitors have greater financial and human resources. The effect of these competitive factors cannot be predicted.

Title to Oil and Gas Properties

We undertake title examination and perform curative work at the time we lease undeveloped acreage, prepare for the drilling of a prospect or acquire proved properties. We believe title to our properties is good and defensible, and is in accordance with industry standards. Nevertheless, we are involved in title disputes from time to time which result in litigation. Our oil and gas properties are subject to customary royalty interests, liens incidental to operating agreements, tax liens and other burdens and minor encumbrances, easements and restrictions.

Government Regulation

Oil and gas production and transportation is subject to extensive federal, state and local laws and regulations. Compliance with existing laws often is difficult and costly, but has not had a significant adverse effect on our operations or financial condition. In recent years, we have been most directly impacted by federal and state environmental regulations and energy conservation rules. We are also impacted by federal and state regulation of pipelines and other oil and gas transportation systems.

The states in which we conduct operations establish requirements for drilling permits, the method of developing new fields, the size of well spacing units, drilling density within productive formations and the unitization or pooling of properties. In addition, state conservation laws include requirements for waste prevention, establish limits on the maximum rate of production from wells, generally prohibit the venting or flaring of natural gas and impose certain requirements regarding the ratability of production.

Environmental Regulation. Various federal, state and local laws regulating the discharge of materials into the environment, or otherwise relating to the protection of the environment, directly impact oil and gas exploration, development and production operations, which consequently impact our operations and costs. These laws and regulations govern, among other things, emissions to the atmosphere, discharges of pollutants into waters, underground injection of waste water, the generation, storage, transportation and disposal of waste materials, and protection of public health, natural resources and wildlife. These laws and regulations may impose substantial liabilities for noncompliance and for any contamination resulting from our operations and may require the suspension or cessation of operations in affected areas.

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Cimarex is committed to environmental protection and believes we are in material compliance with applicable environmental laws and regulations. We obtain permits for our facilities and operations in accordance with the applicable laws and regulations. There are no known issues that have a significant adverse effect on the permitting process or permit compliance status of any of our facilities or operations. Expenditures are required to comply with environmental regulations. These costs are a normal, recurring expense of operations and not an extraordinary cost of compliance with government regulations.

We do not anticipate that we will be required under current environmental laws and regulations to expend amounts that will have a material adverse effect on our financial position or operations. However, due to continuing changes in these laws and regulations, we are unable to predict with any reasonable degree of certainty any potential delays in development plans that could arise, or our future costs of complying with these governmental requirements. We maintain levels of insurance customary in the industry to limit our financial exposure in the event of a substantial environmental claim resulting from sudden, unanticipated and accidental discharges of oil, produced water or other substances.

Gas Gathering and Transportation. The Federal Energy Regulatory Commission (FERC) requires interstate gas pipelines to provide open access transportation. FERC also enforces the prohibition of market manipulation by any entity, and the facilitation of the sale or transportation of natural gas in interstate commerce. Interstate pipelines have implemented these requirements, providing us with additional market access and more fairly applied transportation services and rates. FERC continues to review and modify its open access and other regulations applicable to interstate pipelines.

Under the Natural Gas Policy Act (NGPA), natural gas gathering facilities are expressly exempt from FERC jurisdiction. What constitutes "gathering" under the NGPA has evolved through FERC decisions and judicial review of such decisions. We believe that our gathering systems meet the test for non-jurisdictional "gathering" systems under the NGPA and that our facilities are not subject to federal regulations. Although exempt from FERC oversight, our natural gas gathering systems and services may receive regulatory scrutiny by state and Federal agencies regarding the safety and operating aspects of the transportation and storage activities of these facilities.

In addition to using our own gathering facilities, we may use third-party gathering services or interstate transmission facilities (owned and operated by interstate pipelines) to ship our gas to markets.

Additional proposals and proceedings that might affect the oil and gas industry are pending before the U.S. Congress, FERC, state legislatures, state agencies and the courts. We cannot predict when or whether any such proposals may become effective and what effect they will have on our operations. We do not anticipate that compliance with existing federal, state and local laws, rules or regulations will have a material adverse effect upon our capital expenditures, earnings or competitive position.

Federal and State Income and Other Local Taxation

Cimarex and the petroleum industry in general are affected by both federal and state income tax laws, as well as other local tax regulations involving ad valorem, personal property, franchise, severance and other excise taxes. We have considered the effects of these provisions on our operations and do not anticipate that there will be any undisclosed impact on our capital expenditures, earnings or competitive position.

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ITEM 1A. RISK FACTORS

The following risks and uncertainties, together with other information set forth in this Form 10-K, should be carefully considered by current and future investors in our securities. These risks and uncertainties are not the only ones we face. Additional risks and uncertainties presently unknown to us currently deemed immaterial also may impair our business operations. The occurrence of one or more of these risks or uncertainties could materially and adversely affect our business, our financial condition, and the results of our operations, which in turn could negatively impact the value of our securities.

Oil, gas, and NGL prices fluctuate due to a number of uncontrollable factors, creating a component of uncertainty in our development plans and overall operations. Declines in prices adversely affect our financial results and rate of growth in proved reserves and production.

Oil and gas markets are volatile. We cannot predict future prices. The prices we receive for our production heavily influence our revenue, profitability, access to capital, and future rate of growth. The prices we receive depend on numerous factors beyond our control. These factors include, but are not limited to, changes in domestic and global supply and demand for oil and gas, geopolitical instability, the actions of the Organization of Petroleum Exporting Countries, the level of domestic and global oil and gas exploration and production activity, weather conditions, technological advances affecting energy consumption, governmental regulations and taxes, and advancement of alternative fuels.

Our proved oil and gas reserves and production volumes will decrease unless such reserves are replaced with new discoveries or acquisitions. Accordingly, for the foreseeable future, we expect to make substantial capital investments for the exploration and development of new oil and gas reserves. Historically, we have paid for these types of capital expenditures with cash flow provided by our production operations, our credit facility, and proceeds from the sale of senior notes. Low prices reduce the amount of oil and gas that we can economically produce and may cause us to curtail, delay, or defer certain exploration and development projects. Moreover, low prices also may impact our abilities to borrow under our bank credit facility and to raise additional debt or equity capital to fund acquisitions.

If prices decrease, we may be required to take write-downs of the carrying values of our oil and gas properties and/or our goodwill.

Accounting rules require that we periodically review the carrying value of our oil and gas properties and goodwill for possible impairment. Even moderate future price declines could cause us to incur impairment charges, which could have a material adverse effect on the results of our operations in the period taken.

As of December 31, 2013, the calculated value of the ceiling limitation exceeded the carrying value of our oil and gas properties subject to a ceiling test and no impairment was necessary. However, a decline of 3% or more in the value of the ceiling limitation would have resulted in an impairment. If prices decline, or if there is a negative impact on one or more of the other components of the calculation, we may incur a full cost ceiling impairment related to our oil and gas properties in future quarters.

U.S. or global financial markets may impact our business and financial condition.

A credit crisis or other turmoil in the U.S. or global financial system may have a negative impact on our business and our financial condition. Our ability to access the capital markets may be restricted at a time when we would like, or need, to raise financing. This could have an impact on our flexibility to react to changing economic and business conditions. Deteriorating economic conditions could have a negative impact on our lenders, the purchasers of our oil and gas production, and the working interest owners in properties we operate, causing them to fail to meet their obligations to us.

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Failure to economically replace oil and gas reserves commercially could negatively affect our financial results and future rate of growth.

In order to replace the reserves depleted by production and to maintain or grow our total proved reserves and overall production levels, we must either locate and develop new oil and gas reserves or acquire producing properties from others. This can require significant capital expenditures and can impose reinvestment risk for our company, as we may not be able to continue to replace our reserves economically. While we occasionally may seek to acquire proved reserves, our main business strategy is to grow through exploration and drilling. Without successful exploration and development, our reserves, production and revenues could decline rapidly, which would negatively impact the results of our operations.

Exploration and development involves numerous risks, including new governmental regulations and the risk that we will not discover any commercially productive oil or gas reservoirs. Additionally, it can be unprofitable, not only from dry holes, but also from productive wells that do not return a profit because of insufficient reserves or declines in commodity prices.

Our drilling operations may be curtailed, delayed, or canceled for many reasons. Factors such as unforeseen poor drilling conditions, title problems, unexpected pressure, irregularities, equipment failures, accidents, adverse weather conditions, compliance with environmental and other governmental requirements, and the cost of, or shortages or delays in the availability of, drilling and completion services could negatively impact our drilling operations.

Our proved reserve estimates may be inaccurate and future net cash flows are uncertain.

Estimates of total proved oil and gas reserves (consisting of proved developed and proved undeveloped reserves) and associated future net cash flow depend on a number of variables and assumptions. See "Forward-Looking Statement" in this report. Among others, changes in any of the following factors may cause actual results to vary considerably from our estimates:

- timing of development expenditures;
- amount of required capital expenditures and associated economics;
- recovery efficiencies, decline rates, drainage areas, and reservoir limits;
- anticipated reservoir and production characteristics and interpretations of geologic and geophysical data;
- production rates, reservoir pressure, unexpected water encroachment, and other subsurface conditions;
- oil, gas, and NGL prices;
- governmental regulation;
- operating costs;
- property, severance, excise and other taxes incidental to oil and gas operations;
- workover and remediation costs; and
- Federal and state income taxes.

Our proved oil and gas reserve estimates are prepared by Cimarex engineers in accordance with SEC guidelines. DeGolyer and MacNaughton, independent petroleum engineers, reviewed our reserve estimates for properties that comprised at least 80% of the discounted future net cash flows before income taxes, using a 10% discount rate, as of December 31, 2013.

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The cash flow amounts referred to should not be construed as the current market value of our proved reserves. In accordance with SEC guidelines, the estimated discounted net cash flow from proved reserves is based on (i) the unweighted average of the previous twelve months' first day of the month prices and (ii) current costs as of the date of the estimate; actual future prices and costs, however, may be materially different.

Hedging transactions may limit our potential gains and involve other risks.

To limit our exposure to price risk, we enter into hedging agreements from time to time, and use commodity derivatives. For 2014, we have currently hedged approximately 28% of our anticipated oil production and 37% of our anticipated gas production. These hedges limit volatility and increase the predictability of a portion of our cash flow. These transactions also limit our potential gains when oil and gas prices exceed the prices established by the hedges.

In certain circumstances, hedging transactions may expose us to the risk of financial loss, including instances in which:

- the counterparties to our hedging agreements fail to perform;
- there is a sudden unexpected event that materially increases oil and natural gas prices; or
- there is a widening of price basis differentials between delivery points for our production and the delivery point assumed in the hedge arrangement.

Because all of our derivative contracts are accounted for under mark-to-market accounting, we expect continued volatility in derivative gains or losses on our income statement as changes occur in the relevant price indexes.

The adoption of derivatives legislation could have an adverse effect on our ability to use derivative instruments as hedges against fluctuating commodity prices.

In July 2010, the Dodd-Frank Act was enacted, representing an extensive overhaul of the framework for regulation of U.S. financial markets. The Dodd-Frank Act called for various regulatory agencies, including the SEC and the Commodities Futures Trading Commission (CFTC), to establish regulations for implementation of many of its provisions. The Dodd-Frank Act contains significant derivatives regulations, including requirements that certain transactions be cleared on exchanges and that cash collateral (margin) be posted for such transactions. The Dodd-Frank Act provides for an exemption from the clearing and cash collateral requirements for commercial end-users, such as Cimarex, and it includes a number of defined terms used in determining how this exemption applies to particular derivative transactions and the parties to those transactions.

At this time, we believe we have satisfied the requirements for the commercial end-user clearing and collateral exemption and continue to engage in derivative transactions. However, the CFTC is still finalizing rules that will have an impact on our hedging counterparties and possibly end-users as well. The ultimate effect of these new rules and any additional regulations is currently uncertain. New rules and regulations in this area may result in significant increased costs and disclosure obligations.

We have been an early entrant into new or emerging resource plays. As a result, our drilling results in these areas are uncertain. The value of our undeveloped acreage may decline and we may incur impairment charges if drilling results are unsuccessful.

New or emerging oil and gas resource plays have limited or no production history. Consequently, in those areas it is difficult to predict our future drilling costs and results. Therefore, our cost of drilling, completing and operating wells in these areas may be higher than initially expected. Similarly, our production may be lower than initially expected, and the value of our undeveloped acreage may decline if our results are unsuccessful. As a result, we may be required to write down the carrying value of our undeveloped acreage in new or emerging plays.

Furthermore, unless production is established during the primary term of certain of our undeveloped oil and gas leases, the leases will expire and we will lose our right to develop those properties.

Our business depends on oil and gas pipeline and transportation facilities, some of which are owned by others.

Our oil and natural gas production depends in large part on the proximity and capacity of pipeline systems and transportation facilities. The lack of availability or the lack of capacity on these systems and facilities could result in the curtailment of production or the delay or discontinuance of drilling plans. This is more likely in remote areas without established infrastructure, such as our Culberson County, Texas area where we have recently begun development activities. The lack of availability or capacity in these facilities for an extended period of time could negatively affect our revenues.

Federal and state regulation of oil and natural gas, adverse court rulings, tax and energy policies, changes in supply and demand, pipeline pressures, damage to or destruction of pipelines and general economic conditions could adversely affect our ability to produce and market oil and natural gas.

Competition in our industry is intense and many of our competitors have greater financial and technological resources.

We operate in the competitive area of oil and gas exploration and production. Many of our competitors are large, well-established companies that have larger operating staffs and greater capital resources. These competitors may be willing to pay more for exploratory prospects and productive oil and gas properties. They may also be able to define, evaluate, bid for and purchase a greater number of properties and prospects than our financial or human resources permit.

We may be subject to information technology system failures, network disruptions and breaches in data security.

Information system failures, network disruptions and breaches in data security could have a material adverse effect on our ability to conduct our business. We could experience system failures due to power or telecommunications failures, human error, natural disasters, fire, sabotage, hardware or software malfunction or defects, computer viruses, intentional acts of vandalism or terrorism and similar acts. Such system failures could result in the unanticipated disruption of our operations, the processing of transactions and the reporting of our financial results. While management has taken steps to address these concerns by implementing network security and internal control measures, there can be no assurance that a system failure or data security breach will not have a material adverse effect on our financial condition and results of operations.

We are subject to complex laws and regulations that can adversely affect the cost, manner, and feasibility of doing business.

Exploration, production, and the sale of oil and gas are subject to extensive laws and regulations, including those implemented to protect the environment and human health and safety. Federal, state, and local regulatory agencies frequently require permitting and impose conditions on our activities. During the permitting process, these regulatory agencies often exercise considerable discretion in both the timing and scope of the permits. The requirements or conditions imposed by these agencies can be costly and can delay the commencement of our operations.

Failing to comply with any of the applicable laws and regulations could result in the suspension or termination of our operations and subject us to administrative, civil and criminal liabilities and penalties. Such costs could have a material adverse effect on both our financial condition and operations.

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Environmental matters and costs can be significant.

As an owner, lessee, or operator of oil and gas properties, we are subject to various complex and constantly evolving environmental laws and regulations. Our operations inherently create the risk of environmental liability to the government and private parties stemming from our use, generation, handling and disposal of water and waste materials, as well as the release of petroleum hydrocarbons or other substances into the air, soil or water.

Liabilities under environmental law can be joint and several and may in some cases be imposed regardless of fault on our part. We could be held liable for damages or remediating facilities that were previously owned or operated by others. Since these environmental risks generally are not fully insurable and can result in substantial costs, such liabilities could have a material adverse effect on both our financial condition and operations.

Our hydraulic fracturing activities are subject to risks that could negatively impact our operations and profitability.

We use hydraulic fracturing for almost all of our wells. Hydraulic fracturing is a process that involves pumping fluid and proppant at high pressure into a hydrocarbon bearing formation to create and hold open fractures. Those fractures enable gas or oil to move through the formation's pores to the well bore. Typically, the fluid used in this process is primarily water. In plays where hydraulic fracturing is necessary for successful development, the demand for water may exceed the supply. A lack of readily available water or a significant increase in the cost of water could cause delays or increased completion costs.

In addition to water, hydraulic fracturing fluid contains chemicals or additives designed to optimize production. Many states require companies to disclose the components of this fluid. Additional states, as well as the Federal government, may follow with similar or conflicting requirements or may restrict the use of certain additives, resulting in more costly or less effective development of wells.

Efforts to regulate hydraulic fracturing by local municipalities, states and at the federal level are increasing. Many new regulations are being considered, including limiting water withdrawals and usage, water disposition, restricting which additives may be used, implementing local or state-wide hydraulic fracturing moratoriums and temporary or permanent bans in certain environmentally sensitive and other areas. Public sentiment against hydraulic fracturing and shale gas production has become more vocal, which could lead to permitting and compliance requirements becoming more stringent. Consequences of these actions could increase our capital, compliance, and operating costs significantly, as well as delay or halt our ability to develop our oil and gas reserves.

Any of the above factors could have a material adverse effect on our financial position, results of operations or cash flows.

The adoption of climate change legislation or regulations restricting emission of greenhouse gases could result in increased operating costs and reduced demand for the oil and natural gas we produce.

Studies have suggested that emission of certain gases, commonly referred to as greenhouse gases, may be impacting the earth's climate. Methane, a primary component of natural gas, and carbon dioxide, a by-product of the burning of oil and natural gas, are examples of greenhouse gases. The U.S. Congress and various states have been evaluating, and in some cases implementing, climate-related legislation and other regulatory initiatives that restrict emissions of greenhouse gases. In December 2009, the Environmental Protection Agency (EPA) issued findings that methane and carbon dioxide present a health and safety issue such that they should be regulated under the Clean Air Act. Restrictions resulting from federal or state legislation or regulations may have an effect on our ability to produce oil and gas, as well as the demand for our products. Such changes may result in additional compliance obligations with respect to the release, capture and use of carbon dioxide that could have an adverse effect on our operations and financial results.

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Our limited ability to influence operations and associated costs on non-operated properties could result in economic losses that are partially beyond our control.

Other companies operate approximately 23% of our net production. Our success in properties operated by others depends upon a number of factors outside of our control. These factors include timing and amount of capital expenditures, the operator's expertise and financial resources, approval of other participants in drilling wells, selection of technology and maintenance of safety and environmental standards. Our dependence on the operator and other working interest owners for these projects could prevent the realization of our targeted returns on capital in drilling or acquisition activities.

Our business involves many operating risks that may result in substantial losses for which insurance may be unavailable or inadequate.

Our operations are subject to hazards and risks inherent in drilling for oil and gas, such as fires, natural disasters, explosions, formations with abnormal pressures, casing collapses, uncontrollable flows of underground gas, blowouts, surface cratering, pipeline ruptures or cement failures. Other such risks include theft, vandalism, environmental hazards such as natural gas leaks, oil spills and discharges of toxic gases. Any of these risks can cause substantial losses resulting from:

- injury or loss of life;
- damage to, loss of or destruction of, property, natural resources and equipment;
- pollution and other environmental damages;
- regulatory investigations, civil litigation and penalties;
- damage to our reputation;
- suspension of our operations; and
- costs related to repair and remediation.

In addition, our liability for environmental hazards may include conditions created by the previous owners of properties that we purchase or lease.

We maintain insurance coverage against some, but not all, potential losses. We do not believe that insurance coverage for all environmental damages that could occur is available at a reasonable cost. Losses could occur for uninsurable or uninsured risks, or in amounts in excess of existing insurance coverage. The occurrence of an event that is not fully covered by insurance could harm our financial condition and results of operation.

We may not be able to generate enough cash flow to meet our debt obligations.

At December 31, 2013, our long-term debt consisted of $750 million of 5.875% senior notes and $174 million of bank debt. In addition to interest expense and principal on our long-term debt, we have demands on our cash resources including, among others, operating expenses and capital expenditures.

Our ability to pay the principal and interest on our long-term debt and to satisfy our other liabilities will depend upon future performance and our ability to repay or refinance our debt as it becomes due. Our future operating performance and ability to refinance will be affected by economic and capital market conditions, results of operations and other factors, many of which are beyond our control. Our ability to meet our debt service obligations also may be impacted by changes in prevailing interest rates, as borrowing under our existing senior revolving credit facility bears interest at floating rates.

We may not generate sufficient cash flow from operations. Without sufficient cash flow, there may not be adequate future sources of capital to enable us to service our indebtedness or to fund our other liquidity

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needs. If we are unable to service our indebtedness and fund our operating costs, we will be forced to adopt alternative strategies that may include:

- reducing or delaying capital expenditures;
- seeking additional debt financing or equity capital;
- selling assets; or
- restructuring or refinancing debt.

We may be unable to complete any such strategies on satisfactory terms, if at all. Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms, would materially and adversely affect our financial condition and results of operations.

The instruments governing our indebtedness contain various covenants limiting the discretion of our management in operating our business.

The indenture governing our senior notes and our credit agreement contain various restrictive covenants that may limit management's discretion in certain respects. In particular, these agreements limit Cimarex's and its subsidiaries' ability to, among other things:

- pay dividends on, redeem or repurchase our capital stock or redeem or repurchase our subordinated debt;
- make loans to others;
- make investments;
- incur additional indebtedness or issue preferred stock;
- create certain liens;
- sell assets;
- enter into agreements that restrict dividends or other payments from our restricted subsidiaries to us;
- consolidate, merge or transfer all, or substantially all, of our assets and our restricted subsidiaries;
- engage in transactions with affiliates;
- enter into hedging contracts;

- create unrestricted subsidiaries; and
- enter into sale and leaseback transactions.

In addition, our revolving credit agreement requires us to maintain a debt to EBITDA ratio (as defined in the credit agreement) of not more than 3.5 and a current ratio (defined to include undrawn borrowings) of greater than 1.0. Also, the indenture under which we issued our senior unsecured notes restricts us from incurring additional indebtedness, subject to certain exceptions, unless our fixed charge coverage ratio (as defined in the indenture) is at least 2.25. The additional indebtedness limitation does not prohibit us from borrowing under our revolving credit facility. See Note 5 to the Consolidated Financial Statements for further information.

If we fail to comply with the restrictions in the indenture governing our senior notes or the agreement governing our credit facility or any other subsequent financing agreements, a default may allow the creditors, if the agreements so provide, to accelerate the related indebtedness as well as any other

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indebtedness to which a cross-acceleration or cross-default provision applies. In addition, lenders may be able to terminate any commitments they had made to make available further funds.

Our acquisition activities may not be successful, which may hinder our replacement of reserves and adversely affect our results of operations.

The successful acquisition of producing properties requires an assessment of several factors, including:

- geological risks and recoverable reserves;
- future oil and gas prices and their appropriate differentials;
- operating costs; and
- potential environmental risks and other liabilities.

The accuracy of these assessments is inherently uncertain. In connection with these assessments, we perform a review of the subject properties that we believe to be generally consistent with industry practices. Our review will not reveal all existing or potential problems nor will it permit us to become sufficiently familiar with the properties to fully assess their deficiencies and capabilities. Inspections will not likely be performed on every well or facility, and structural and environmental problems are not necessarily observable even when an inspection is undertaken. Furthermore, the seller may be unwilling or unable to provide effective contractual protection against all or part of the identified problems.

Competition for experienced, technical personnel may negatively impact our operations.

Our exploratory and development drilling success depends, in part, on our ability to attract and retain experienced professional personnel. The loss of any key executives or other key personnel could have a material adverse effect on our operations. As we continue to grow our asset base and the scope of our operations, our future profitability will depend on our ability to attract and retain qualified personnel, particularly individuals with a strong background in geology, geophysics, engineering and operations.

We are involved in various legal proceedings, the outcome of which could have an adverse effect on our liquidity.

In the normal course of business, we have various lawsuits and related disputed claims, including but not limited to claims concerning title, royalty payments, environmental issues, personal injuries, and contractual issues. Although we currently believe the resolution of these lawsuits and claims, individually or in the aggregate, would not have a material adverse effect on our financial condition or results of operations, our assessment of our current litigation and other legal proceedings could change in light of the discovery of facts with respect to legal actions or other proceedings pending against us not presently known to us or determinations by judges, juries or other finders of fact that are not in accord with our evaluation of the possible liability or outcome of such proceedings. Therefore, there can be no assurance that outcomes of future legal proceedings would not have an adverse effect on our liquidity and capital resources.

Certain federal income tax deductions currently available with respect to natural gas and oil exploration and development may be eliminated, as a result of future legislation.

Various proposals have been made recommending the elimination of certain key U.S. federal income tax incentives currently available to oil and natural gas exploration and production companies. Legislation is often introduced in Congress which would implement many of these proposals. These changes include, but are not limited to, (i) the repeal of the percentage depletion allowance for oil and gas properties; (ii) the elimination of current deductions for intangible drilling and development costs; and (iii) an extension of the amortization period for certain geological and geophysical expenditures. It is unclear, however, whether any such changes will be enacted or how soon such changes could be effective.

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The passage of this legislation or any other similar change in U.S. federal income tax law could eliminate or postpone certain tax deductions that are currently available with respect to natural gas and oil exploration and development, and any such change could have an adverse effect on our financial position.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Oil and Gas Reserves

All of our proved reserves and undeveloped acreage are located in the United States. We have varying levels of ownership interests in our properties consisting of working, royalty and overriding royalty interests. We operate the wells that comprise 75% of our proved reserves. All information in this Form 10-K relating to oil and gas reserves is net to our interest unless stated otherwise. See Note 15 to the Consolidated Financial Statements for further information. The following table sets forth the present value and estimated volume of our oil and gas proved reserves:

	Years Ending December 31,		
	2013	**2012**	**2011**
Total Proved Reserves:			
Gas (MMcf)	1,293,500	1,251,863	1,216,441
Oil (MBbls)	108,533	77,921	72,322
NGL (MBbls)	92,044	89,909	65,815
Equivalent (MMcfe)	2,496,964	2,258,844	2,045,265
Standardized measure of discounted future net cash flow after-tax, discounted at 10% (in millions)	$ 3,598.9	$ 2,908.7	$ 3,139.8
Average price used in calculation of future net cash flow:			
Gas ($/Mcf)	$ 3.01	$ 2.27	$ 3.79
Oil ($/Bbl)	$ 92.74	$ 88.91	$ 89.64
NGL ($/Bbl)	$ 28.42	$ 29.12	$ 41.70

Proved oil and gas reserve quantities are based on estimates prepared by Cimarex in accordance with the SEC's modernized rules for reporting oil and gas reserves. Reserve definitions comply with definitions of Rules 4-10(a) (1)-(32) of Regulation S-X of the SEC. All of our reserve estimates are maintained by our internal Corporate Reservoir Engineering group, which is comprised of reservoir engineers and engineering technicians. The objectives and management of this group are separate from and independent of the exploration and production functions of the company. The primary objective of our Corporate Reservoir Engineering group is to maintain accurate forecasts on all properties of the company through ongoing monitoring and timely updates of operating and economic parameters (production forecasts, prices and regional differentials, operating expenses, ownership, etc.) in accordance with guidelines established by the SEC. This separation of function and responsibility is a key internal control.

Cimarex engineers are responsible for estimates of proved reserves. Corporate engineers interact with the exploration and production departments to ensure all available engineering and geologic data is taken into account prior to establishing or revising an estimate. After preparing the reserves update, the corporate engineers review their recommendations with the Vice President of Corporate Engineering. After approval from the Vice President of Corporate Engineering, the revisions are entered into our reserves database by the engineering technician.

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During the course of the year, the Vice President of Corporate Engineering presents summary reserves information to Senior Management and to our Board of Directors for their review. From time to time, the Vice President of Corporate Engineering will also confer with the Vice President of Exploration, Chief Operating Officer and the Chief Executive Officer regarding specific reserves-related issues. In addition, Corporate Reservoir Engineering maintains a set of basic guidelines and procedures to ensure that critical checks and reviews of the reserves database are performed on a regular basis.

Together, these internal controls are designed to promote a comprehensive, objective and accurate reserves estimation process. As an additional confirmation of the reasonableness of our internal estimates, DeGolyer and MacNaughton, an independent petroleum engineering consulting firm, reviewed greater than 80% of the total future net revenue discounted at 10% attributable to the total interests owned by Cimarex as of December 31, 2013. The individual primarily responsible for overseeing the review is a Senior Vice President with DeGolyer and MacNaughton and a Registered Professional Engineer in the State of Texas with over thirty-nine years of experience in oil and gas reservoir studies and evaluations.

The technical employee primarily responsible for overseeing the oil and gas reserves estimation process is Cimarex's Vice President of Corporate Engineering. This individual graduated from the Colorado School of Mines with a Bachelor of Science degree in Engineering and has more than nineteen years of practical experience in oil and gas reservoir evaluation. He has been directly involved in the annual reserves reporting process of Cimarex since 2002 and has served in his current role for the past nine years.

Significant Properties

As of December 31, 2013, 59% of our total proved reserves were located in our Mid-Continent region and 40% were in the Permian Basin. In total we owned an interest in 12,079 gross (4,160 net) productive oil and gas wells.

The following table summarizes our estimated proved oil and gas reserves by region as of December 31, 2013.

	Gas (Bcf)	Oil (MBbl)	NGL (MBbl)	Equivalent (Bcfe)	Percent of Proved Reserves
Mid-Continent	939.2	21,656	65,335	1,461.1	59%
Permian Basin	336.0	85,532	26,157	1,006.2	40%
Other	18.3	1,345	552	29.7	1%
	1,293.5	108,533	92,044	2,497.0	100%

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Our ten largest producing fields hold 69% of total proved reserves. We are the principal operator of our production in each of these fields. The table below summarizes certain key statistics about these properties.

Field	Region	% of Total Proved Reserves	Average Working Interest %	Approximate Average Depth (feet)	Primary Formation
Watonga-Chickasha (Cana)	Mid-Continent	43.0	38.1	13,000'	Woodford
Lusk	Permian Basin	6.8	60.7	9,500'	Bone Spring
Two Georges	Permian Basin	3.4	93.1	11,500'	Bone Spring
Phantom	Permian Basin	2.8	57.7	11,500'	Bone Spring
Ford, West	Permian Basin	5.0	62.3	9,500'	Wolfcamp
Caprock	Permian Basin	1.2	74.2	9,000'	Abo
Sandbar	Permian Basin	2.2	64.1	7,500'	Bone Spring
Quail Ridge	Permian Basin	1.4	57.5	8,000' - 13,000'	Bone Spring/Morrow
Cottonwood Draw	Permian Basin	2.1	75.2	3,000' - 10,000'	Delaware/Wolfcamp
Benson	Permian Basin	1.4	95.0	9,500'	Bone Spring
		69.3			

Acreage

The following table sets forth the gross and net acres of both developed and undeveloped leases held by Cimarex as of December 31, 2013. Gross acres are the total number of acres in which we own a working interest. Net acres are the gross acres multiplied by our working interest.

	Acreage					
	Undeveloped		Developed		Total	
	Gross	Net	Gross	Net	Gross	Net
Mid-Continent						
Kansas	19,293	19,184	118,271	86,768	137,564	105,952
Oklahoma	104,708	81,216	523,576	273,651	628,284	354,867
Texas	57,975	47,332	220,032	144,538	278,007	191,870
	181,976	147,732	861,879	504,957	1,043,855	652,689
Permian Basin						
New Mexico	97,024	70,264	192,962	135,693	289,986	205,957
Texas	159,884	133,591	167,881	123,722	327,765	257,313
	256,908	203,855	360,843	259,415	617,751	463,270
Other						
Arizona	2,107,906	2,107,906	17,207		2,125,113	2,107,906
California	381,422	381,422	364	364	381,786	381,786
Colorado	68,188	44,408	36,246	2,127	104,434	46,535
Gulf of Mexico	25,000	13,000	53,388	12,693	78,388	25,693
Louisiana	5,362	1,601	11,853	3,045	17,215	4,646
Michigan	31,794	31,716	1,183	1,183	32,977	32,899
Montana	35,067	10,311	8,439	1,943	43,506	12,254
Nevada	1,196,299	1,196,299	440	1	1,196,739	1,196,300

New Mexico	1,643,251	1,629,406	19,065	2,518	1,662,316	1,631,924
Texas	47,469	21,698	103,367	35,623	150,836	57,321
Utah	86,068	59,433	26,171	1,572	112,239	61,005
Wyoming	104,364	14,663	44,689	5,135	149,053	19,798
Other	95,200	79,249	8,663	3,232	103,863	82,481
	5,827,390	5,591,112	331,075	69,436	6,158,465	5,660,548
Total	6,266,274	5,942,699	1,553,797	833,808	7,820,071	6,776,507

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The table below summarizes by year and region our undeveloped acreage expirations in the next five years. In most cases the drilling of a commercial well will hold the acreage beyond the expiration.

	Undeveloped Acres Expiring									
	2014		2015		2016		2017		2018	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Mid-Continent	23,255	22,991	10,586	10,505	16,913	16,904	21	21		
Permian Basin	12,552	12,071	48,237	45,480	27,128	26,522	4,761	4,749	8,153	7,833
Other	14,051	13,671	19,847	19,847	201,227	201,227	52,722	52,715	31,884	31,884