GULFPORT ENERGY CORP
Form DEF 14A
April 30, 2014
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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

x 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))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material under §240.14a-12

Gulfport Energy Corporation

(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

x No fee required

¨ 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:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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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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14313 North May Avenue, Suite 100

Oklahoma City, Oklahoma 73134

NOTICE OF	April 30, 2014
2014	
ANNUAL	**Dear Gulfport Energy Corporation Stockholder:**
STOCKHOLDERS	
MEETING	On behalf of your board of directors and management, you are cordially invited to attend the Annual Meeting of Stockholders to be held at 14313 N. May Avenue, Suite 100, Oklahoma City, Oklahoma 73134 on Thursday, June 12, 2014, at 10:00 a.m.
and	
PROXY	It is important that your shares be represented at the meeting. Whether or not you plan to attend the meeting, please complete and return the enclosed proxy card in the accompanying envelope. Please note that submitting a proxy will not prevent you from attending the meeting and voting in person.
STATEMENT	
Thursday	You will find information regarding the matters to be voted on at the meeting in the enclosed proxy statement. Our 2013 Annual Report to Stockholders is either enclosed with these materials or has previously been mailed to you. This proxy statement and our 2013 Annual Report to Stockholders are also available on our website at www.gulfportenergy.com/proxy.
June 12, 2014	
10:00 a.m. local time	In addition to the formal items of business to be brought before the meeting, there will be a report on our operations, followed by a question and answer period. Your interest in Gulfport Energy Corporation is appreciated. We look forward to seeing you on June 12, 2014.
14313 N. May Avenue,	Sincerely,
Suite 100, Oklahoma City,	Michael G. Moore / David L. Houston
Oklahoma 73134	*Chief Executive Officer and President* / *Chairman of the Board*

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GULFPORT ENERGY CORPORATION

14313 North May Avenue, Suite 100

Oklahoma City, Oklahoma 73134

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON JUNE 12, 2014

To our Stockholders:

The Annual Meeting of Stockholders of Gulfport Energy Corporation will be held on June 12, 2014 at 10:00 a.m., local time, at 14313 North May Avenue, Suite 100, Oklahoma City, Oklahoma 73134, for the following purposes:

1. To elect six directors to serve until the Company s 2015 Annual Meeting of Stockholders;

2. To approve our 2014 Executive Annual Incentive Compensation Plan;

3. To hold an advisory vote on the Company s executive compensation;

4. To ratify the appointment of Grant Thornton LLP as the Company s independent auditors for the fiscal year ending December 31, 2014; and

5. To transact such other business as may properly come before the Annual Meeting and any adjournment or postponement thereof.

Your vote is important. Please carefully consider the proposals and vote in one of these ways:

Mark, sign, date and promptly return the enclosed proxy card in the postage-paid envelope; or

Submit a ballot at the Annual Meeting.

Only stockholders of record at the close of business on April 23, 2014 or their proxy holders may vote at the meeting. Directions to the meeting can be obtained from the Company.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF STOCKHOLDERS TO BE HELD ON JUNE 12, 2014. This proxy statement and the Company s 2013 Annual Report to Stockholders are available on the Company s website at www.gulfportenergy.com/proxy.

By Order of the Board of Directors,

Michael G. Moore

Chief Executive Officer and President

This notice and proxy statement are first being mailed to stockholders on or about May 8, 2014.

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GULFPORT ENERGY CORPORATION

14313 North May Avenue, Suite 100

Oklahoma City, Oklahoma 73134

PROXY STATEMENT

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About the Annual Meeting

Who is soliciting my vote?

The board of directors of Gulfport Energy Corporation, which we refer to as Gulfport, the Company and we in this proxy statement, is soliciting your vote at the 2014 Annual Meeting of Stockholders. In accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, and consistent with the advisory vote of the Company s stockholders obtained in 2011, the Company s board of directors is providing the Company s stockholders with a non-binding advisory vote on, among other proposals, the Company s executive compensation. This and other proposals to be voted on by the Company s stockholders at the 2014 Annual Meeting of Stockholders are described in more detail below.

What am I voting on?

You are voting on:

- The election of directors *(see Proposal 1 beginning on page 5*);
- The approval of our 2014 Executive Annual Incentive Compensation Plan (*see Proposal 2 on page 39*);
- The approval, on an advisory basis, of the compensation paid to the Company s named executive officers as reported in this proxy statement (*see Proposal 3 on page 43*);
- The ratification of Grant Thornton LLP as our independent auditors for 2014 (*see Proposal 4 beginning on page 44*); and
- Any other business properly coming before the meeting.

How does the board of directors recommend that I vote my shares?

Unless you give other instructions on your proxy card, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of our board of directors. The board of directors recommendations can be found with the description of each item in this proxy statement. In summary, the board of directors recommends a vote:

- FOR the proposal to elect the nominated directors;
- FOR the proposal to approve our 2014 Executive Annual Incentive Compensation Plan;

FOR the proposal to approve, on an advisory basis, the compensation paid to the Company s named executive officers as reported in this proxy statement; and

FOR the proposal to ratify Grant Thornton LLP as the Company s independent auditors for 2014.

Who is entitled to vote?

You may vote if you were the record owner of our common stock as of the close of business on the record date, which is April 23, 2014. Each share of common stock is entitled to one vote. As of April 1, 2014, we had 85,424,391 shares of common stock outstanding and entitled to vote, excluding 529,312 shares of our restricted common stock granted under our 2013 Restated Stock Incentive Plan or its predecessors, but not yet vested. There is no cumulative voting.

How many votes must be present to hold the meeting?

Your shares are counted as present at the Annual Meeting if you attend the meeting and vote in person or if you properly return a proxy by mail. In order for us to hold our meeting, holders of a majority of the voting power of our outstanding shares of common stock as of the close of business on April 23, 2014 must be present in person or by proxy at the meeting. This is referred to as a quorum. Abstentions and broker non-votes will be counted for purposes of establishing a quorum at the meeting.

What is a broker non-vote?

If a broker does not have discretion to vote shares held in street name on a particular proposal and does not receive instructions from the beneficial owner on how to vote those shares, the broker may return the proxy card without voting on that proposal. This is known as a *broker non-vote*. No broker may vote your shares without your specific instructions on any of the proposals to be considered at the Annual Meeting other than the ratification of our independent auditors.

How many votes are needed to approve each of the proposals?

In April 2014, our board of directors amended our bylaws to provide for the election of directors in uncontested elections by a majority of the votes cast by the stockholders present in person or represented by proxy at the meeting and entitled to vote thereon. Prior to this amendment, our bylaws provided for the election of directors by a plurality of the votes cast by the stockholders present in person or represented by proxy at a meeting of stockholders and entitled to vote thereon. Accordingly, for purposes of the Annual

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Meeting, if a quorum is present, directors will be elected by the affirmative vote of a majority of the votes cast, in person or by proxy. The number of shares voted FOR a director nominee must exceed the number of votes cast AGAINST that nominee. Stockholders may not cumulate their votes with respect to the re-election of directors. If any incumbent director is not elected because he does not receive a majority of the votes cast, he is required to immediately tender his or her resignation for consideration by our board of directors. Our board of directors will evaluate whether to accept or reject such resignation, or whether other action should be taken; provided, however, that the board will act on such resignation and publicly disclose its decision to accept or reject such resignation and the rationale behind such decision within 90 days from the date of the certification of the director election results.

Each of Proposals 2, 3 and 4 require the affirmative FOR vote of a majority of the votes cast by the stockholders present in person or represented by proxy at the Annual Meeting and entitled to vote thereon. Except with respect to the proposal to ratify our independent auditors, where broker non-votes will be counted, only votes for or against these proposals will be counted as votes cast and abstentions and broker non-votes will not be counted for voting purposes.

How do I vote?

You can vote either *in person* at the meeting or *by proxy* without attending the meeting.

To vote by proxy, you must fill out the enclosed *proxy card*, date and sign it, and return it in the enclosed postage-paid envelope.

Even if you plan to attend the meeting, we encourage you to vote your shares by proxy. If you plan to vote in person at the Annual Meeting, and you hold your stock in street name, you must obtain a proxy from your broker and bring that proxy to the meeting.

Can I change my vote?

Yes. You can change or revoke your vote at any time before the polls close at the Annual Meeting. You can do this by:

- Signing another proxy card with a later date and returning it to us prior to the meeting;
- Sending our Corporate Secretary a written document revoking your earlier proxy; or
- Voting again at the meeting.

Who counts the votes?

We have hired Computershare Trust Company, N.A., our transfer agent, to count the votes represented by proxies cast by mail or ballot. Employees of Computershare Trust Company, N.A. will act as inspectors of election.

Will my vote be confidential?

Yes. As a matter of Company policy, proxies, ballots and voting tabulations that identify individual stockholders are treated as confidential. Only the tabulation agent and the inspectors of election have access to your vote. Directors and employees of the Company may see your vote only if there is a contested proxy solicitation, as required by law or in certain other special circumstances.

Will my shares be voted if I don t provide my proxy and don t attend the Annual Meeting?

If you do not provide a proxy or vote your shares held in your name, your shares will not be voted.

If you hold your shares in street name, your broker may be able to vote your shares for certain routine matters even if you do not provide the broker with voting instructions. The ratification of Grant Thornton LLP as our independent auditors for 2014 is considered routine. For matters not considered routine, if you do not give your broker instructions on how to vote your shares, the broker will return the proxy card without voting on that proposal. This is a broker non-vote. The proposals to elect directors, to approve our 2014 Executive Annual Incentive Compensation Plan and to approve, on an advisory basis, the Company s executive compensation are not considered routine. As a result, no broker may vote your shares on these proposals without your specific instructions.

How are votes counted?

In the election of directors contemplated by Proposal 1, you may vote FOR, AGAINST or ABSTAIN with respect to one or more of the nominees. For Proposals 2, 3 and 4, you may vote FOR, AGAINST or ABSTAIN.

What if I return my proxy but don t indicate my vote on the matters listed on my proxy card?

If you return a signed proxy card without indicating your vote, your shares will be voted FOR the director nominees listed on the card, FOR the approval of our 2014 Executive Annual Incentive Compensation Plan, FOR approving, on an advisory basis, the Company s executive compensation as described in this proxy statement and FOR the ratification of Grant Thornton LLP as our independent auditors for 2014.

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Could other matters be decided at the Annual Meeting?

We have not received any stockholder proposals and are not aware of any other matters that will be considered at the Annual Meeting. If any other matters arise at the Annual Meeting, the persons named in your proxies will vote in accordance with their best judgment.

Who can attend the meeting?

The Annual Meeting is open to all holders of our common stock.

What do I need to bring to attend the Annual Meeting?

You will need proof of ownership of our common stock to enter the meeting. If your shares are in the name of your broker or bank or other nominee, you will need to bring evidence of your stock ownership, such as your most recent brokerage statement. All stockholders will be required to present valid picture identification. IF YOU DO NOT HAVE VALID PICTURE IDENTIFICATION AND PROOF THAT YOU OWN SHARES OF OUR STOCK, YOU MAY NOT BE ADMITTED INTO THE MEETING.

How can I access the Company s proxy materials and annual report electronically?

This proxy statement and the Company s 2013 Annual Report to Stockholders are available on the Company s website at www.gulfportenergy.com/proxy.

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Board of Directors Information

What is the makeup of the board of directors and how often are the members elected?

Our board of directors currently consists of six members who are elected annually. The majority of these directors are independent under the Nasdaq listing standards.

What if a nominee is unable or unwilling to serve?

That is not expected to occur. If it does, shares represented by proxies will be voted for a substitute nominated by the board of directors.

How are directors compensated?

Our policy is that members of our board of directors who are also our officers or employees do not receive compensation for their services as directors. The compensation of our non-employee directors is described below.

Cash Compensation

In 2013, we paid our non-employee directors a monthly retainer of $1,000 and a per meeting in-person attendance fee of $500 and reimbursed all ordinary and necessary expenses incurred by non-employee directors in the conduct of our business. In addition to the fees described above, each committee member of our board of directors received $3,000 per year for his service on each committee, provided that the committee chairman received $4,500 per year per committee. Consistent with the recommendations of Longnecker & Associates, an independent compensation consulting firm, effective January 1, 2014, the cash compensation we pay our non-employee directors was changed, and we now pay our non-employee directors an annual retainer of $40,000, an attendance fee of $1,000 for each board meeting attended in person in 2014, increasing to $1,500 in 2015, and an attendance fee of $500 for each board meeting attended telephonically in 2014, increasing to $750 in 2015. In addition, effective January 1, 2014, the Chairman of the Board now receives an additional $65,000 annual retainer, the audit committee chairman receives an additional $15,000 annual retainer and the chairman of each of the compensation committee and the nominating committee receives an additional $10,000 annual retainer. The annual retainer paid to each committee member that is not the chairman of the respective committee remains $3,000 per year, although, effective January 1, 2014, each committee member is entitled to a $500 attendance fee for each committee meeting attended in person in 2014, increasing to $1,000 in 2015, and a $250 attendance fee for each committee meeting attended telephonically in 2014, increasing to $500 in 2015. In addition, on December 10, 2013, each of our then-serving non-employee directors was granted a $100,000 bonus for 2013, payable approximately one-half in shares of restricted stock (863 shares based on a closing price of $57.91 per share on December 10, 2013) and approximately one-half in cash. The shares of restricted stock will vest on December 10, 2014.

Equity Compensation

From time to time, we have provided our non-employee directors with equity compensation under our stock incentive plans as additional compensation and incentive. As described immediately above, on December 10, 2013, we granted 863 shares of our restricted common stock to each of our then-serving non-employee directors under our 2013 Restated Stock Incentive Plan, which shares will vest on December 10, 2014. This equity grant was part of a $100,000 bonus that our compensation committee elected to award to each of our non-employee directors at such time for 2013, which was payable approximately one-half in shares of common stock of the Company with a grant date of December 10, 2013 and approximately one-half in cash. Effective January 1, 2014, our non-employee directors will receive an annual grant of restricted stock with an aggregate value of approximately $100,000 based on the closing price of our common stock on the date of grant, with vesting to occur on the first anniversary of the date of grant.

Further details regarding our director compensation in 2013 are set forth under the heading Director Compensation below.

Insurance and Indemnification

We provide liability insurance for our directors and officers at a current annual cost of approximately $585,894. In addition, our certificate of incorporation sets forth limitations on our directors liability to our stockholders. Further, our bylaws contain indemnification and advancement of expenses provisions for the benefit of our directors and officers.

How often did the board of directors meet in 2013?

The board of directors met 12 times in 2013. In addition to these meetings, the board of directors adopted resolutions by unanimous written consent. Each director attended at least 75% of the aggregate meetings of the board of directors and the meetings of the committees on which he served.

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Election of Directors and Director Biographies

(Proposal 1 on the Proxy Card)

Who are this year s nominees?

The directors standing for election this year to hold office until the 2015 Annual Meeting of Stockholders and until each such director s successor is elected are:

MICHAEL G. MOORE, age 57. Mr. Moore was appointed as our Chief Executive Officer and as a member of our board of directors on April 22, 2014, and has served as our President since August 2013 and as our Chief Financial Officer and Secretary from July 2000 to April 2014. He will continue to serve as our interim Chief Financial Officer until his successor has been appointed. Mr. Moore also served as our Interim Chief Executive Officer from February 15, 2014 until his appointment as our Chief Executive Officer on April 22, 2014. From May 1998 through July 2000, Mr. Moore served as Vice President and Chief Financial Officer of Indian Oil Company. From September 1995 through May 1998, Mr. Moore served as Controller of DLB Oil & Gas, Inc. Prior to that, Mr. Moore served as Controller of LEDCO, Inc., a Houston based gas marketing company. Mr. Moore received both his Bachelor of Business Administration Degree in Finance and his Master s in Business Administration from the University of Central Oklahoma.

DONALD L. DILLINGHAM, age 51. Mr. Dillingham has served as a director of the Company since November 2007. Since April 2007, Mr. Dillingham has served as Chief Executive Officer of Oak Hills Holdings, a holding company comprised of Avondale Investments, LLC, Merit Advisors, Inc. and Oak Hills Securities, each of which is a registered investment advisor. From August 2001 until July 2003, Mr. Dillingham served as the Senior Portfolio Manager for two mutual funds, a member of the investment committee of Merit Advisors, Inc. and the Vice-President/Treasurer and director of the Merit Advisors Investment Trust. From August 2002 to December 2004, Mr. Dillingham served as an adjunct professor of finance at the University of Oklahoma. From April 1998 to August 2001, Mr. Dillingham served as Senior Vice President, portfolio manager and state director for J.P. Morgan Investment Management. From March 1996 to April 1998, Mr. Dillingham served American Express as the state director responsible for managing the financial planning services and product sales for the state of Oklahoma. From May 1994 to December 1996, Mr. Dillingham worked for Bank of America as Vice-President of Investment Banking. Mr. Dillingham began his career in the finance industry with Stifel, Nicolaus as a fixed income analyst, risked based market maker and sales manager from August 1984 to May 1994. Mr. Dillingham is also the founder of Fortress Storage Solutions, a multi-unit self-storage company, and Dillingham Outdoor, an advertising company. Mr. Dillingham has also served since May 2009 as an independent director and chairman of the audit committee for Emerging Brands, a privately-held restaurant holding company. From 2009 to 2011, Mr. Dillingham served as an independent director and chairman of the audit committee for The Beard Company, a publicly-traded energy company. Mr. Dillingham is active in the community and has served in a variety of leadership roles in local organizations. He is an enrolled member of the Muscogee (Creek) Indian Nation, and after ten years of service, recently rotated off the board of Oklahoma s Native American Cultural and Education Authority. Mr. Dillingham received a Bachelor s of Business and Administration in Accounting from the University of Oklahoma and his Master s of Business and Administration in Finance from Oklahoma City University. Mr. Dillingham is a Chartered Financial Analyst, a Certified Public Accountant and a Certified Financial Planner.

CRAIG GROESCHEL, age 46. Mr. Groeschel has served as a director of the Company since August 2011. Since 1996, Mr. Groeschel has served as a founding pastor of LifeChurch.tv, one of the largest churches in the United States, reaching over 30,000 people each weekend. Since founding LifeChurch, Mr. Groeschel has served on its Board of Directors. Under Mr. Groeschel s leadership, LifeChurch has grown to 15 locations in the United States.

Mr. Groeschel received a Bachelor s in Business Marketing from the Oklahoma City University and a Master s of Divinity from the Phillips Graduate Seminary. Mr. Groeschel is a frequent speaker at various domestic and international forums and an author of a number of books.

DAVID L. HOUSTON, age 61. Mr. Houston has served as a director of the Company since July 1998 and as Chairman of the Board since July 2013. Since 1991, Mr. Houston has been the principal of Houston Financial, a firm that offers life and disability insurance, compensation and benefits plans and wealth management services with a focus on the energy sector. Since 2000, Mr. Houston has managed a mineral trust with approximately 9,200 net acres in Oklahoma, Texas, Kansas and New Mexico, which includes responsibility for leasing and production matters. Mr. Houston served on the board of directors and executive committee of Deaconess Hospital, Oklahoma City, Oklahoma, from January 1993 until December 2008. Mr. Houston has served as a member of the board of directors of Diamondback Energy, Inc. (Nasdaq: FANG) since October 2012, is a member of its audit and compensation committees and is the chair of its nominating and corporate governance committee. He also served as a director of Bronco Drilling Company from May 2005 until December 2010 and was a member of its audit committee. Mr. Houston received a Bachelor of Science Degree in business from Oklahoma State University and a graduate degree in banking from Louisiana State University.

MICHAEL S. REDDIN, age 54. Mr. Reddin was appointed to our board of directors on April 22, 2014. Since August 2009, Mr. Reddin has been president and chief executive officer of Davis Petroleum Corporation, an independent private oil and gas exploration, development, acquisitions and production company focused primarily in the onshore Gulf Coast and deep-water Gulf of Mexico. Mr. Reddin has also served as chairman of the board of directors of Davis Petroleum Corporation since March 2013. From October 2008

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to June 2009, Mr. Reddin served as president, chief executive officer and a member of the board of directors of Kerogen Resources, Inc., an early-stage exploration and production company focused on the development of North American shale plays. Before Kerogen Resources Inc., Mr. Reddin spent 2000 through 2008 at BP America Inc. focused in the development of its Gulf of Mexico assets, where he served as Vice President of Production, Vice President of Development and several other leadership roles. Earlier, Mr. Reddin served in technical, financial and asset management positions of increasing responsibility at ARCO Oil & Gas Company and Vastar Resources, Inc. Mr. Reddin also served on the board of director of Berry Petroleum Company from 2011 to 2013. Mr. Reddin earned a Bachelor s Degree in Mechanical Engineering from Texas A&M University.

SCOTT E. STRELLER, age 45. Mr. Streller has served as a director of the Company since August 2006. He currently serves as chairman of Company s Nominating Committee and as a member on the Audit and Compensation Committees. In 1992, Mr. Streller founded the Scott Streller Insurance and Financial Services Agency (Farmers Insurance), which has been recognized both regionally and nationally as one of the top agencies within the Farmers Insurance Group of Companies. Mr. Streller is active in the community and has served in a variety of leadership roles in local public and non-profit organizations. Additionally, Mr. Streller frequently serves as a guest lecturer at local universities and insurance and financial services seminars. Mr. Streller earned a Bachelor s Degree in Business Management from the University of Central Oklahoma. In addition, Mr. Streller received a Master s in Athletic Administration from Oklahoma State University, where he served as a Graduate Assistant Coach in men s basketball under Coach Eddie Sutton.

What does the board of directors recommend?

THE BOARD RECOMMENDS THAT YOU VOTE FOR THE ELECTION OF THESE DIRECTORS

What are the committees of the Board?

Our board of directors has the following committees:

Committee	Members	Principal Functions	Number of Meetings in 2013
Audit	Donald L. Dillingham David L. Houston* Scott E. Streller	Reviews and discusses with management and the independent auditors the integrity of our accounting policies, internal controls, financial statements, accounting and auditing processes and risk management compliance. Monitors and oversees our accounting, auditing and financial reporting processes generally, including the qualifications, independence and performance of the independent auditor.	Ten (10)

Monitors our compliance with legal and regulatory requirements.

Establishes procedures for the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters, and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

Reviews and approves related party transactions.

Appoints, determines compensation, evaluates and terminates our independent auditors.

Pre-approves audit and permissible non-audit services to be performed by the independent auditors.

Prepares the report required by the Securities and Exchange Commission, or the SEC, for the inclusion in our annual proxy statement.

Reviews and reassesses the adequacy of the audit committee charter on a periodic basis.

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Committee	Members	Principal Functions	Number of Meetings in 2013
Compensation	David L. Houston* Michael S. Reddin** Scott E. Streller	Oversees and administers our executive compensation policies, plans and practices and evaluates their impact on risk and risk management. Assists the board of directors in discharging its responsibilities relating to the compensation of our executives, including our chief executive officer, and other key employees. Administers our equity-based compensation plans, including the grants of stock options, restricted stock awards and other equity awards under such plans. Reviews, approves and administers our cash-based incentive bonus plans, including the establishment of performance criteria, targets and awards under our 2014 Executive Annual Incentive Compensation Plan. Makes recommendations to the board with respect to incentive compensation. Conducts annual performance evaluation of the committee. Reviews disclosure related to executive compensation in our proxy statement. Reviews and considers the stockholders advisory vote on executive compensation and the frequency of holding such advisory vote. Reviews and reassesses the adequacy of the compensation committee charter.	Six (6)

Nominating	Donald L. Dillingham David L. Houston Michael S. Reddin** Scott E. Streller*	Assists the board of directors in developing criteria for, identifying and evaluating individuals qualified to serve as members of our board of directors. Selects and recommends director candidates to the board of directors to be submitted for election at the Annual Meeting and to fill any vacancies on the board of directors. Periodically reviews and makes recommendations regarding the composition and size of the board of directors and each of its committees. Reviews and recommends to the board of directors appropriate corporate governance policies and procedures for the Company. Conducts an annual assessment of the qualifications and performance of the board of directors. Annually reviews and reports to the board of directors on the performance of management. Reviews and reassesses the adequacy of the nominating committee charter.	Two (2)

* Committee Chairperson
** Joined committee upon his appointment to the Board on April 22, 2014.

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Do the committees have written charters?

Yes. The charters for our Audit Committee, Compensation Committee and Nominating Committee can be found on our website at *www.gulfportenergy.com* under the Corporate Governance caption. You may also obtain copies of these charters, as well as our Code of Business Conduct and Ethics, which is described below, by writing to our Corporate Secretary, Michael G. Moore, at Gulfport Energy Corporation, 14313 N. May Avenue, Suite 100, Oklahoma City, Oklahoma 73134.

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Corporate Governance Matters and Communications with the Board

Who are our independent directors?

Our board of directors has determined that Donald L. Dillingham, Craig Groeschel, David L. Houston, Michael S. Reddin and Scott E. Streller meet the standards regarding independence set forth in the Nasdaq listing standards and are free of any relationship which, in the opinion of our board of directors, would interfere with the exercise of independent judgment in carrying out their responsibilities as directors of the Company.

Our board of directors has determined that each member of the Audit Committee is independent for purposes of serving on such committee under the Nasdaq listing standards and applicable federal law. In addition, our board of directors has determined that each current member of the Audit Committee is financially literate under the Nasdaq listing standards and that each of Mr. Houston, who serves as the Chairman of the Audit Committee, and Mr. Dillingham qualifies as the audit committee financial expert, as such term is defined in Item 407(d) of Regulation S-K.

Our board of directors has also determined that each member of the Compensation Committee and the Nominating Committee meets the independence requirements applicable to those committees under the Nasdaq rules. In addition, our board of directors determined that each member of our compensation committee is an outside director in accordance with Section 162(m) of the Internal Revenue Code and a non-employee director in accordance with Rule 16b-3 under the Securities Exchange Act of 1934, as amended, or the Exchange Act.

Do our non-management directors meet separately without management?

Our non-management directors have the opportunity to meet in an executive session following each regularly scheduled meeting of the board of directors. During 2013, our non-management directors met in an executive session on October 15, 2013.

How can I communicate with the board of directors?

Individuals may communicate with our board of directors or individual directors by writing to our Corporate Secretary, Michael G. Moore, at Gulfport Energy Corporation, 14313 N. May Avenue, Suite 100, Oklahoma City, Oklahoma 73134. Our Corporate Secretary will review all such correspondence and forward to our board of directors a summary of all such correspondence and copies of all correspondence that, in the opinion of our Corporate Secretary, relates to the functions of our board of directors or a committee thereof or that he otherwise determines requires their attention. Directors may review a log of all such correspondence received by us and request copies. Concerns relating to accounting, internal control over financial reporting or auditing matters will be immediately brought to the attention of the chairman of the audit committee and handled in accordance with the audit committee procedures established with respect to such matters.

Do directors attend the Annual Meeting?

Recognizing that director attendance at our Annual Meeting can provide our stockholders with an opportunity to communicate with directors about issues affecting the Company, we actively encourage our directors to attend the Annual Meeting of Stockholders. Five of our six directors then-serving attended the 2013 Annual Meeting of Stockholders in person.

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Code of Business Conduct and Ethics

We have adopted a Code of Business Conduct and Ethics designed to help directors and employees resolve ethical issues. Our Code of Business Conduct and Ethics applies to all directors and employees, including the Chief Executive Officer, the Chief Financial Officer and all senior financial officers. Our Code of Business Conduct and Ethics covers various topics including, but not limited to, conflicts of interest, fair dealing, discrimination and harassment, confidentiality, compliance procedures and employee complaint procedures. Our Code of Business Conduct and Ethics is posted on our website under the Investor Relations Corporate Governance caption.

Nominating Process for Directors, Director Qualifications and Review of Director Nominees

The Nominating Committee is comprised of four non-employee directors, all of whom are independent under Nasdaq listing standards. As provided by the Nominating Committee s charter, our Nominating Committee identifies, investigates and recommends to our board of directors candidates with the goal of creating a balance of knowledge, experience and diversity. Generally, the committee identifies candidates through the personal, business and organizational contacts of the directors and management and through the use of third-party search firms.

Potential directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the interests of our stockholders. In addition to reviewing a candidate s background and accomplishments, candidates for director nominees are reviewed in the context of the current composition of our board of directors and the evolving needs of our business. It is the policy of our board of directors that at all times at least a majority of its members meets the standards of independence promulgated by Nasdaq and the SEC and that all members reflect a range of talents, ages, skills and expertise, particularly in the areas of accounting and finance, management, leadership and oil and gas related industries sufficient to provide sound and prudent guidance with respect to our operations and the interests of our stockholders. In addition to the foregoing factors, our Nominating Committee considers diversity in its evaluation of candidates for board membership. Although our board of directors does not have a formal diversity policy, our board believes that diversity with respect to viewpoint, skills and experience should be an important factor in board composition. Our Nominating Committee ensures that diversity considerations are discussed in connection with each potential nominee, as well as on a periodic basis in connection with its periodic review of the composition of the board and the size of the board as a whole.

We also require that the members of our board of directors be able to dedicate the time and resources sufficient to ensure the diligent performance of their duties on our behalf, including attending meetings of the board of directors and applicable committee meetings. In accordance with its charter, our Nominating Committee periodically reviews the criteria for the selection of directors to serve on our board and recommends any proposed changes to our board of directors for approval.

Our board of directors will consider stockholder nominations for director candidates upon written submission of such recommendation to our Corporate Secretary along with, among other things, the nominee s qualifications and certain biographical information regarding the nominee, such nominee s written consent to serving as a director if elected and being named in the proxy or information statement and certain information regarding the status of the stockholder submitting the recommendation, all in the manner required by our amended and restated bylaws and the applicable rules and regulations promulgated under the Exchange Act. Following verification of the stockholder status of persons proposing candidates, recommendations will be aggregated and considered by our board of directors at a regularly scheduled or special meeting. If any materials are provided by a stockholder in connection with the nomination of a director candidate, such materials will be forwarded to our board of directors. See Submission of Future Stockholder Proposals below for additional detail regarding submitting director nominees.

Our board of directors may also review materials provided by professional search firms or other parties in connection with a nominee who is not proposed by a stockholder. In evaluating such nominations, our board of directors will seek to achieve a balance of knowledge, experience and capability on the board. Our board of directors uses the same criteria for evaluating candidates nominated by stockholders as it does for those proposed by current board members, professional search firms and other persons. After completing its evaluation, our board of directors approves the final slate of director nominees.

Our Nominating Committee approved the director nominees submitted for election at this Annual Meeting. Each nominee is a current board member and brings a strong and unique background and set of skills to our board of directors, giving our board of directors as a whole competence and experience in a variety of areas, including corporate governance and board service, executive management, oil and natural gas industry, accounting and finance and risk assessment and management. Specifically, in nominating the candidates submitted for election at this Annual Meeting, our Nominating Committee considered such candidates past service on our board and the information discussed in each of the directors individual biographies set forth beginning on page 5 above. In particular, with regard to Mr. Dillingham, our Nominating Committee considered his strong background in finance and risk assessment and management developed as part of his career as a registered investment advisor and portfolio manager, as well as his academic experience. With regard to Mr. Groeschel, our Nominating Committee considered his leadership and prior board service at a non-profit organization, community involvement and administrative and public speaking skills. With regard to Messrs. Houston and Streller, our Nominating Committee considered their respective business backgrounds and risk assessment skills. Mr. Moore s public company experience while serving in various executive officer capacities at Gulfport and leadership skills that led to his promotion as our Chief Executive Officer in April 2014, as well as his strong oil and natural gas background and extensive experience in finance, accounting, financial

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reporting, internal controls and corporate governance, led our Nominating Committee to appoint Mr. Moore as a director and a nominee and to conclude that he should serve as one of our directors. Mr. Reddin s upstream engineering and operations expertise, prior public company experience and over 30 years of energy industry experience led our Nominating Committee, following an extensive search process undertaken by Preng & Associates, an independent third-party search firm, in which approximately 80 potential candidates were reviewed, to appoint Mr. Reddin as a director and to recommend Mr. Reddin as a nominee and to conclude that he should serve as one of our directors. As part of the search process, Preng & Associates completed an assessment of the current Board composition, identified numerous candidates and conducted interviews to support the nominating committee in the selection process. Each of the director nominees has consented to serve as a director if elected.

Director Leadership Structure

Since December 2005, the positions of Chairman of the Board and Chief Executive Officer have been held by two different individuals. Mike Liddell, our former Chairman of the Board, did not stand for re-election as a director at our 2013 annual meeting of stockholders held on June 13, 2013 and, effective as of that date, resigned as the Chairman of the Board. In July 2013, our board of directors amended our bylaws to make the Chairman of the Board a non-executive position, to be elected from among the directors by the board, and named Mr. Houston as Chairman of the Board until his successor is duly appointed. On February 14, 2014, as previously announced, James D. Palm retired as our Chief Executive Officer and resigned from our board of directors. He has been replaced as our Chief Executive Officer and as a member of our board of directors by Michael G. Moore. Separating the positions of Chairman of the Board and Chief Executive Officer has allowed our Chief Executive Officer to focus on our day-to-day business and operations, while allowing our Chairman of the Board to lead the board in its fundamental role of providing advice to and oversight of management. The Chairman of the Board has provided leadership to our board of directors and worked with the board of directors to define its structure and activities in the fulfillment of its responsibilities. The Chairman of the Board has set the board agendas, with the input from other members of the board and our management, facilitated communications among and information flow to directors, had the power to call special meetings of our board of directors and stockholders and presided at meetings of our board of directors and stockholders. The Chairman of the Board has also advised and counseled our Chief Executive Officer and other officers. Our board of directors does not have a position of a lead director.

We believe that our directors bring a broad range of leadership experience to the boardroom and regularly contribute to the thoughtful discussion involved in effectively overseeing the business and affairs of the Company. We believe that the atmosphere of our board is collegial, that all board members are well engaged in their responsibilities, and that all board members express their views and consider the opinions expressed by other directors. Five out of six of our director nominees are independent under the Nasdaq listing standards and SEC rules. We believe that all of our independent directors have demonstrated leadership in business enterprises and are familiar with board processes. Our independent directors are involved in the leadership structure of our board by serving on our Audit, Nominating and Compensation committees, each having an independent chairperson. Specifically, the chair of our Audit Committee oversees the accounting and financial reporting processes, as well as compliance with legal and regulatory requirements. The chair of our Compensation Committee oversees our compensation policies and practices and their impact on risk and risk management. The chair of our Nominating Committee monitors matters such as the composition of the board and its committees, board performance and best practices in corporate governance. As such, each committee chair provides independent leadership for purposes of many important functions delegated by our board of directors to such committee.

Board of Director s Role in Risk Oversight

As an exploration and production company, we face a number of risks, including risks associated with the supply of and demand for oil and natural gas, volatility of oil and natural gas prices, exploring for, developing, producing and delivering oil and natural gas, declining production, environmental and other government regulations and taxes, weather conditions, including hurricanes, that can affect oil and natural gas operations over a wide area, adequacy of our insurance coverage, political instability or armed conflict in oil and natural gas producing regions and overall economic environment. Management is responsible for the day-to-day management of risks we face as a company, while our board of directors, as a whole and through its committees, has responsibility for the oversight of risk management. It its risk oversight role, our board of directors has the responsibility to satisfy itself that the risk management processes designed and implemented by management are adequate and functioning as designed.

Our board of directors believes that full and open communication between management and the board of directors is essential for effective risk management and oversight. Our Chairman of the Board meets regularly with our Chief Executive Officer and Chief Financial Officer to discuss strategy and risks facing the Company. Our executive officers regularly attend the board meetings and are available to address any questions or concerns raised by the board on risk management-related and any other matters. Other members of our management team periodically attend board meetings or are otherwise available to confer with the board to the extent their expertise is required to address risk management matters. Periodically, our board of directors receives presentations from senior management on strategic matters involving our operations. During such meetings, our board of directors also discusses strategies, key challenges, and risks and opportunities for the Company with senior management.

While our board of directors is ultimately responsible for risk oversight at the Company, our three committees assist the board in fulfilling its oversight responsibilities in certain areas of risk. Our Audit Committee assists the board in fulfilling its oversight responsibilities with respect to risk management in the areas of financial reporting, internal controls and compliance with legal and regulatory requirements, and discusses policies with respect to risk assessment and risk management. Our Compensation Committee assists the board in fulfilling its oversight responsibilities with respect to the management of risks arising from our compensation policies and programs. Our Nominating Committee assists the board in fulfilling its oversight responsibilities with respect to the management of risks associated with board organization, membership and structure, succession planning for our directors and executive officers and corporate governance.

Audit Committee Report

The Audit Committee is responsible for providing independent, objective oversight for the integrity of the Company s financial reporting process and internal control system. Other primary responsibilities of the Audit Committee include the review, oversight and appraisal of the qualifications, independence and audit performance of the Company s independent registered public accounting firm and providing an open venue for communication among the independent registered public accounting firm, financial and senior management, our internal auditors and the board of directors of the Company. A more detailed description of the responsibilities of the Audit Committee is set forth in its written charter, which is posted on our website at *www.gulfportenergy.com*. The following report summarizes certain of the Audit Committee s activities with respect to its responsibilities during 2013.

Review with Management and Independent Registered Public Accounting Firm. The Audit Committee has reviewed and discussed with management and Grant Thornton LLP, an independent registered public accounting firm, the audited consolidated financial statements of the Company for the year ended December 31, 2013.

Controls and Procedures. Management has established and maintains a system of disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed by the Company in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, or the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms, and includes controls and procedures designed to provide reasonable assurance that information required to be disclosed by us in those reports is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. As of December 31, 2013, management conducted an evaluation of our disclosure controls and procedures. Based on this evaluation, our Interim Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective to provide reasonable assurance that the information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms. The Audit Committee discussed with management and Grant Thornton LLP the quality and adequacy of the Company s disclosure controls and procedures.

Management has also established and maintains a system of internal controls over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. These internal controls are designed to provide reasonable assurance that the reported financial information is presented fairly, that disclosures are adequate and that the judgments inherent in the preparation of financial statements are reasonable. Management conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on management s evaluation under the framework in Internal Control Integrated Framework, management did not identify any material weaknesses in our internal control over financial reporting and concluded that our internal control over financial reporting was effective as of December 31, 2013, as discussed in more detail in Management s Report on

Internal Control Over Financial Reporting, which was included in our Annual Report on Form 10-K for the year ended December 31, 2013, filed with the SEC on February 28, 2014. Our internal control over financial reporting as of December 31, 2013 has been audited by Grant Thornton LLP, as stated in its attestation report, which was included in our Annual Report on Form 10-K for the year ended December 31, 2013, filed with the SEC on February 28, 2014. The Audit Committee reviewed and discussed with management and Grant Thornton LLP the Company s system of internal control over financial reporting in compliance with Section 404 of the Sarbanes-Oxley Act of 2002.

Discussions with Independent Auditing Firm. The Audit Committee has discussed with Grant Thornton LLP, independent auditors for the Company, the matters required to be discussed by Rules on Auditing Standard No. 16, Communication with Audit Committees, as amended. The Audit Committee has received the written disclosures and the letter from Grant Thornton LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant s communications with the audit committee concerning independence and has discussed with that firm its independence from the Company.

Recommendation to the board of directors. Based on its review and discussions noted above, the Audit Committee recommended to the board of directors that the audited financial statements be included in the Company s Annual Report on Form 10-K for the year ended December 31, 2013.

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THE AUDIT COMMITTEE

David L. Houston, *Chairman*

Donald L. Dillingham

Scott E. Streller

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Executive Officers

The following table sets forth the name, age and positions of each of our executive officers as of the record date:

Name	Age	Position
Michael G. Moore	56	Chief Executive Officer, President and Interim Chief Financial Officer
J. Ross Kirtley	59	Chief Operating Officer
Stuart A. Maier	60	Vice President of Geosciences
Steve R. Baldwin	60	Vice President of Reservoir Engineering

Biographical information for Mr. Moore is set forth in this proxy statement under the heading Election of Directors and Director Biographies.

J. ROSS KIRTLEY. Mr. Kirtley has served as Chief Operating Officer of the Company since April 22, 2014. Previously, Mr. Kirtley served as Chief Operating Officer of our Ohio activities from October 2013 through April 22, 2014. From January 2007 to January 2013, he served as Vice President of Services for Sandridge Energy, Inc. and President of Lariat Services, Inc., Hondo Heavy Haul, Inc. and Chapparal Supply, LLC, each a wholly-owned subsidiary of Sandridge Energy, Inc. Prior to joining Sandridge Energy, Inc., Mr. Kirtley served as Business Manager for NOMAC Drilling, Inc., a wholly-owned subsidiary of Chesapeake Energy Corporation. Mr. Kirtley graduated from Southwestern Oklahoma State University in 1977.

STUART A. MAIER. Mr. Maier has served as a Geological/Geophysical Manager of the Company since May 1998. From 1993 to May 1998, Mr. Maier had served as Senior Geologist with DLB Oil & Gas, Inc. From 1992 until joining DLB Oil & Gas, Inc., Mr. Maier was a consulting geologist/geophysicist and, from 1981 to 1991, Mr. Maier was a geologist/geophysicist with The Anschutz Corporation, an oil and natural gas exploration and production company. From 1979 to 1981, Mr. Maier was a production geologist for Gulf Oil Exploration and Production Company. From 1977 to 1979, Mr. Maier was a well site geologist. Mr. Maier received a Bachelor of Science Degree in Geology from the University of Missouri. Mr. Maier is a member of the American Association of Petroleum Geologists.

STEVE R. BALDWIN. Mr. Baldwin has served as a Senior Reservoir Engineer of the Company since October 2006. From February 2001 through September 2006, he served as Senior Reservoir and Acquisition Engineer for Chaparral Energy Inc. From 1996 to December 2000, Mr. Baldwin served as Senior Operations Engineer for Saba Energy of Texas, Inc. Prior to that, Mr. Baldwin served as Operations Manager for Merrico Resources. Mr. Baldwin began his career with Mobil Oil Corporation after receiving his Bachelor of Science Degree from the University of Oklahoma. Mr. Baldwin is a member of the Society of Petroleum Engineers.

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Executive Compensation

Compensation Discussion and Analysis

Overview

The compensation discussion and analysis set forth below provides an overview of our compensation program, including the objectives and rationale of each element of compensation, for each of our named executive officers. This section also describes the actions and decisions of the compensation committee of our board of directors, and of our board of directors, as they relate to our executive compensation decisions. The compensation committee, which is composed entirely of independent directors, is primarily responsible for establishing, implementing and monitoring our compensation programs, including those applicable to our executive officers. In particular, the compensation committee s current role is to oversee, on behalf of our board of directors, our compensation and benefit plans and policies, administer our stock plans (including reviewing and approving equity grants to directors and executive officers), administer our annual cash incentive bonus plans (including the establishment of performance criteria, targets and awards under our 2014 Executive Annual Incentive Compensation Plan) and review and approve annually all compensation decisions relating to our named executive officers. In fulfilling its responsibilities, the compensation committee may delegate any or all of its responsibilities to a member of the committee or to a subcommittee consisting of members of the committee, although no such delegations were made in 2013. The compensation committee meets at least annually to review executive compensation programs, approve compensation levels, consider performance targets, review management performance and administer our equity-based compensation plans and cash incentive bonus plans. The compensation committee operates in accordance with its charter, which was amended and restated in January 2014 and sets forth the committee s powers and responsibilities, which are described in more detail under the heading Election of Directors and Director Biographies What are the committees of the Board?

As discussed in more detail below under Potential Payments Upon Termination, Resignation or Change of Control, James D. Palm, our former Chief Executive Officer and a former member of the board of directors, retired from all positions with the Company effective February 15, 2014, and Mike Liddell, our former Chairman of the Board, did not stand for re-election at our 2013 annual meeting of stockholders and, at such time, resigned as Chairman of the Board effective June 13, 2013. We began a nationwide search with Preng & Associates for Mr. Palm s successor in February 2014, and the board of directors conducted a review of both internal and external candidates. During this interim period, Michael G. Moore, our President and then-Chief Financial Officer, assumed management responsibilities associated with the office and acted as Interim Chief Executive Officer pending the conclusion of the board s search. Upon the conclusion of this search, the board determined that it is in the best interests of the Company and its stockholders to appoint Mr. Moore as Chief Executive Officer and as a member of our board of directors, and he was appointed to serve in these capacities on April 22, 2014. Mr. Moore will also continue serving as our President and will serve as our Chief Financial Officer until a new Chief Financial Officer is appointed.

Compensation Philosophy and Objectives

The objectives of our compensation program are to:

- attract and retain key executives;
- align the interests of our executives with those of our stockholders; and

motivate and reward individual performance and contributions to the Company s success and financial performance.

Highlights of Company Performance in 2013

The following performance graph compares our cumulative total shareholder return (assuming dividend reinvestment) from January 1, 2009 through January 1, 2014, against the average performance of our 2013 proxy peer group identified by Longnecker & Associates (excluding Athlon Energy Inc., which was not publicly-traded until August 2013), as described below under Compensation Decisions for 2013 and Changes in Compensation for 2014, and against the Standard & Poor s 500 Stock Index, a broad market index, or the S&P 500 Index. The graph assumes an investment of $100 on such date, and that all dividends were reinvested. In 2013 and over this five-year period, we outperformed each of the peer group and the S&P 500 Index.

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Compensation Decisions for 2013 and Changes in 2014

In the fall of 2012, the compensation committee engaged Equilar, an outside consultant, to provide executive compensation analysis for 2012 focusing on how base salaries, annual bonuses, equity awards and total compensation packages of our Chief Executive Officer and Chief Financial Officer compared to such compensation elements of similarly situated executives at peer group companies. The 2012 Equilar survey included the following industry peer companies: Abraxas Petroleum Corporation, Approach Resources Inc., Berry Petroleum Company, Carrizo Oil & Gas, Inc., Chesapeake Energy Corporation, Concho Resources Inc., Continental Resources, Inc., Devon Energy Corporation, Energy XXI (Bermuda) LTD, EV Energy Partners, LP, Goodrich Petroleum Corporation, Halcon Resources Corp., Laredo Petroleum Holdings, Inc., PDC Energy, Inc., Petroquest Energy Inc., Sandridge Energy Inc., SM Energy Company, Stone Energy Corporation, Swift Energy Company, W&T Offshore, Inc. and Whiting Petroleum Corporation. The 2012 Equilar survey revealed that the total compensation of each of these named executive officers was below both the median and the mean amounts of total compensation received by similarly situated executives at peer group companies based on information publicly-available at the time. Furthermore, each element of these named executive officers compensation was below the median and the mean amounts for similarly situated executives at peer group companies, except that the amount of the 2012 annual bonus for Mr. Palm (our then-Chief Executive Officer) exceeded both the median and mean annual bonus of such similarly situated executives and the value of Mr. Palm s 2012 restricted stock award exceeded the median value of restricted stock awards granted to such similarly situated executives based on information publicly-available at the time.

In February 2013, once the Company s 2012 results of operations were available, the compensation committee reviewed the compensation packages for Mr. Liddell (our then-Chairman of the Board), Mr. Palm (our then-Chief Executive Officer) and Mr. Moore (our then-Chief Financial Officer) for 2013 in light of our prior year s performance and the 2012 Equilar survey of compensation packages of similarly situated executive officers at peer group companies. During such review, the compensation committee evaluated our strategy for recruiting, retaining and motivating our named executive officers and key employees. The committee discussed and evaluated the 2013 compensation packages for Mr. Palm, Mr. Liddell and Mr. Moore in light of the Company s performance, the value each executive brings to the Company, market trends, competitive market data, economic climate, the respective experience and leadership roles of these executives and the Company s desire to retain these executives. The compensation committee noted the Company s strong performance metrics as compared to its peers, citing the committee s focus on total stockholder return as a key performance metric in determining executive compensation. After considering the foregoing, the compensation committee determined that the 2013 base salary for each of Messrs. Palm, Liddell and Moore would be $400,000 effective February 2013, and determined to grant each of Messrs. Palm, Liddell and Moore 50,000 shares of restricted stock which, in the case of each executive, would vest in 12 quarterly installments beginning on March 15, 2013, with 20,000 shares vesting in 2013, 16,667 shares vesting in 2014 and 13,333 shares vesting in 2015.

In September 2013, the compensation committee engaged Longnecker & Associates, an independent compensation consulting firm, to, among other things, (i) conduct a peer analysis to aid the committee in determining the appropriate peer group for 2013 and 2014, (ii) conduct an analysis of the Company s executive compensation for Mr. Palm and Mr. Moore, including with respect to base salary, targeted annual incentives and targeted total direct compensation, (iii) conduct a compensation analysis for Mr. Liddell, who, as previously disclosed and discussed below, became a consultant of the Company after resigning as Chairman of the Board, (iv) conduct an analysis of the compensation of the board of directors, including with respect to annual retainers, meeting fees, equity grants and total director compensation, (v) provide the compensation committee with an opinion related to the payout of bonuses, including the analysis performed of market prevalence and competitiveness, and (vi) conduct a review of the compensation committee s charter. In establishing our peer group for 2013, Longnecker & Associates initially identified candidates of similar size, with similar operations in the onshore oil and gas exploration and production industry, and with similar operations in comparable geographies. Based on Longnecker & Associates evaluation, our peer group for 2013 consisted of the following 16 companies: Athlon Energy Inc., Kodiak Oil & Gas Corp., Laredo Petroleum Holdings, Inc., Oasis Petroleum Inc., Rosetta Resources, Inc., Denbury Resources Inc., Energen Corp., QEP Resources, Inc., Whiting Petroleum Corp., Newfield Exploration Co., Concho Resources, Inc., Range Resources Corporation, Energy XXI (Bermuda) Limited, SM Energy Company, Cimarex Energy Co. and Kosmos Energy Ltd. In selecting our 2013 peer group, Longnecker & Associates sought to include companies that are operationally similar to Gulfport, while maintaining appropriate relative financial alignment. These considerations resulted in our 2013 peer group including companies that operate in similar plays, focus on onshore exploration and production and have similar reserve and production characteristics (i.e. blend of gas and oil) and market capitalizations which are within a range of 0.5x 2.0x that of Gulfport s market capitalization. Longnecker & Associates believed that focusing on companies with similar market capitalization was appropriate for the Company after evaluating its operations and the significant stock price growth the Company has experienced. Given Gulfport s diverse and unique operational locales, Longnecker & Associates focused on companies with a majority of operations in the continental U.S. rather than in any more specific geographic region. Among our 2013 peer group, Gulfport falls in the 17th percentile in revenue, 30th percentile in assets, 73rd percentile in market capitalization, 69th percentile in net income and 64th percentile in enterprise value, in each case for the trailing 12 months effective October 8, 2013.

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In October 2013, the compensation committee met to consider granting Mr. Moore a discretionary 2013 annual bonus in advance of the scheduled year-end payment date. Based on Longnecker & Associates analysis, the compensation committee concluded that the off-cycle payment of the bonus would not negatively impact the incentive structure it was designed to generate and approved the advance payment of a $500,000 discretionary bonus to Mr. Moore, the minimum annual bonus required to be paid to Mr. Moore pursuant to the terms of his employment agreement. The compensation committee noted, however, that Mr. Moore s bonus is intended to be performance driven and, given the Company s performance and success during 2013, including total stockholder return as highlighted in the chart above, agreed to consider, at a later date, increasing Mr. Moore s discretionary bonus for 2013.

In December 2013, the compensation committee met to consider, among other things, the bonuses to be paid to Mr. Palm and Mr. Moore based on their performance in 2013. In connection with the foregoing, the compensation committee reviewed the compensation report prepared by Longnecker & Associates with respect to the compensation of Messrs. Moore and Palm. The compensation committee discussed and evaluated the compensation packages for Mr. Palm and Mr. Moore in light of the Company s performance, the value each such executive brings to the Company, market trends, competitive market data, economic climate, the respective experience and leadership roles of these executives and the Company s desire to retain these executives. The compensation committee also evaluated the compensation packages for the members of the board of directors of the Company considering the same factors. The compensation committee noted that the Company demonstrated strong performance metrics as compared to its peers. In accordance with the recommendations in Longnecker & Associates report, the compensation committee recommended that each of Mr. Palm and Mr. Moore receive a bonus of $500,000 for the 2013 fiscal year. As discussed above, Mr. Moore received an advance payment of this bonus in October 2013. The compensation committee also approved Mr. Palm s recommendations with respect to discretionary bonuses for Messrs. Maier and Baldwin for 2013, considering their increased role within the organization, individual performance and importance to the Company.

In February 2014, the compensation committee awarded 24,868 shares of restricted stock to Mr. Moore under our 2013 Restated Stock Incentive Plan as a retention award in connection with his assumption of duties as Interim Chief Executive Officer after the retirement of Mr. Palm and in view of the uncertainty relating to his position in recognition of the then-ongoing search for a new Chief Executive Officer. The retention award was subject to Mr. Moore s continuous service with the Company and was to vest in two equal annual installments beginning on February 24, 2015, unless earlier vesting occured upon his involuntary termination without cause, termination for good reason, death, disability or termination for any reason except cause or voluntary termination without good reason within 24 months after a change in control. As described below, this retention award was rescinded when Mr. Moore was named our Chief Executive Officer.

On April 1, 2014, the compensation committee recommended the approval of, and the board of directors approved, the 2014 Executive Annual Incentive Compensation Plan, subject to stockholder approval at the 2014 Annual Meeting of Stockholders. This plan, which we refer to as our Annual Incentive Plan, was approved in response to certain stockholder concerns as part of an ongoing initiative to revise the Company s compensation philosophy and programs away from a guaranteed minimum bonus structure to a mix of base compensation and performance based incentive compensation. The Annual Incentive Plan is described in more detail elsewhere in this proxy statement, including in Proposal 2. On April 1, 2014, the compensation committee also determined to provide Mr. Moore, as an additional incentive, a cash retention bonus equal to $400,000 in view of the uncertainty relating to his position in recognition of the then-ongoing search for a new Chief Executive Officer. The cash bonus amount was to vest and become payable in two equal annual installments, beginning on February 24, 2015, subject to Mr. Moore s continuous service with the Company, unless earlier vesting occurs upon his involuntary termination without cause, termination for good reason, death, disability or termination for any reason except cause or voluntary termination without good reason within 24 months after a change in control. As described below, this cash bonus award was also rescinded when Mr. Moore was named our Chief Executive Officer. In addition, the compensation committee agreed to increase Mr. Moore s 2013 annual discretionary bonus under his employment agreement from $500,000 to $800,000. This increase was designed to recognize the significant financial and operating performance gains experienced by the Company in 2013, Mr. Moore s overall performance and the additional duties and responsibilities he assumed upon his appointment as President in August 2013, his service as Chief Financial Officer and Secretary of the Company and his leadership through transformative acquisitions and related capital market transactions in 2013.

On April 22, 2014, Mr. Moore was appointed Chief Executive Officer of the Company. He continues to serve as President of the Company and will also serve as interim Chief Financial Officer until a successor is appointed. In connection with his new responsibilities, we entered into an amended and restated employment agreement with Mr. Moore dated April 30, 2014 but effective April 22, 2014 based on terms recommended by Longnecker & Associates. Material terms of this agreement are discussed below. See Employment Agreements.

The compensation committee did not make any changes to the compensation packages for Messrs. Maier and Baldwin for 2014.

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Compensation Policy

The key elements of our compensation program are base salary, annual bonus and long-term incentive compensation. We use these elements to meet our compensation objectives as follows:

Attract and retain key executives. We believe that to attract and retain talented executives, we must offer compensation that is competitive with the compensation of similarly-situated executives of comparable companies within the oil and natural gas industry. To facilitate the retention of Michael G. Moore, our new Chief Executive Officer, President and interim Chief Financial Officer, we entered into an amended and restated employment agreement, effective April 22, 2014, with Mr. Moore. The agreement has an initial term of three years and will automatically renew for successive one-year periods unless the Company or Mr. Moore gives notice to the other, in accordance with the terms of the employment agreement, that it has elected to not renew the agreement. See immediately below and Employment Agreements for more information regarding the terms of this agreement. In addition, upon entering into this agreement, the equity and cash retention awards granted to Mr. Moore in connection with his assumption of duties as Interim Chief Executive Officer after the retirement of Mr. Palm were rescinded in full.

Align the interests of our executives with those of our stockholders. In the past, we used both options and restricted stock awards to provide long-term incentive compensation and to align the financial interests of our executives with those of our stockholders. Since 2006, we have used only restricted stock awards to incentivize our named executive officers. It is anticipated that in the future the compensation committee will continue to structure our long-term incentive compensation in the form of restricted stock awards (including restricted stock units), consistent with peer group companies practices. For a discussion of the Company s long-term incentive policy, see Long Term Incentive Compensation below.

Restricted Stock Awards. In February 2013, each of Messrs. Palm, Liddell and Moore received a grant of 50,000 shares of restricted stock under our Amended and Restated 2005 Stock Incentive Plan. In the case of each of Mr. Liddell and Mr. Moore, 24,166 shares of these shares had vested as of March 31, 2014, 12,501 of these shares will vest during the remainder of 2014 and 13,333 of these shares will vest in 2015. All of the 50,000 shares of restricted common stock granted to Mr. Palm in February 2013 became fully vested upon Mr. Palm s retirement on February 15, 2014, along with all other unvested stock options, restricted stock or any other equity awards held by Mr. Palm at such time (excluding the restricted stock unit award for 80,000 shares of the Company s common stock granted in connection with Mr. Palm s retirement, which will vest in three substantially equal annual installments beginning on the first anniversary of Mr. Palm s retirement date). In December 2013, each of Messrs. Maier and Baldwin received a grant of 40,000 shares of restricted stock under our 2013 Restated Stock Incentive Plan. These shares vest in three substantially equal installments beginning on December 12, 2013. James D. Palm, our then-Chief Executive Officer, recommended these equity grants for Messrs. Maier and Baldwin due to their increased role within the organization and their significant contributions to the development of the Company. As discussed below, in February 2014, the compensation committee awarded 24,868 shares of restricted stock to Mr. Moore under our 2013 Restated Stock Incentive Plan as a retention award in connection with his assumption of duties as the Company s Interim Chief Executive Officer. In connection with his appointment as our Chief Executive Officer in April 2014 and our execution of an amended and restated employment agreement effective April 22, 2014, the February 2014 retention award was rescinded and Mr. Moore was awarded 40,000 shares of restricted stock, which will vest in three annual installments of 13,333, 13,333 and 13,334 shares on May 12, 2014 and April 22, 2015 and 2016, respectively. Restricted stock awards ensure that our executives have a continuing stake in the long-term success of the Company as the value of the award will at all times depend on the stock price.

Stock Options. Stock options represent the right of an option holder to buy shares of our common stock at an exercise price equal to the market value of our common stock on the date of grant. Under our outstanding stock options, the right to buy underlying shares generally vested in 36 substantially equal monthly installments from the date of grant, except that certain options vested in five substantially equal annual installments beginning on the first anniversary of the date of grant. We have not granted stock options since 2005. All outstanding options have now vested. We awarded these stock options in order to align compensation with company performance as the options become valuable to the executive only if the stock price increases from the date of grant. Also, stock options require a long-term commitment by executives to realize the appreciation potential of the options.

Performance-Based Cash Incentive Compensation. As described in more detail in Proposal 2 below, on April 1, 2014, the compensation committee recommended the approval of, and the board of directors approved, the Annual Incentive Plan, subject to stockholder approval at the 2014 Annual Meeting of Stockholders. Also on April 1, 2014, the compensation committee established the performance criteria and targets for 2014 under the Annual Incentive Plan, again subject to stockholder approval of the Plan. For 2014, the performance levels require achieving certain financial and operational metrics, including growth in EBITDA, estimated proved reserves and oil and natural gas production, as compared to the prior year period. The compensation committee granted an award to Michael G. Moore, our Chief Executive Officer, President and interim Chief Financial Officer, under the Annual Incentive Plan, which award will represent 50%, 100% or a maximum of 200% of his base salary, depending on reaching the threshold, target or above-target performance levels. Under the terms of Mr. Moore s amended and restated employment agreement effective April 22, 2014, the potential amount of the award is increased to 75%, 150% or a maximum of 300% of his base salary, subject to the same performance criteria and targets established by the compensation committee on April 1, 2014. Straight line interpolation will apply to determine the amount of the bonus for performance that is above the threshold target and between performance levels. The compensation committee believes that performance-based cash incentive compensation, with meaningful performance targets, will further align our executives interests with those of our stockholders, motivate our executives to contribute to the Company s growth and profitability by encouraging the successful implementation of the annual business plan and objectives and link a larger portion of our executives compensation to the performance of the Company. In response to stockholder input, the compensation committee has determined that objective performance-based bonus opportunities should be used to compensate our executives in place of discretionary or minimum bonus requirements.

Motivate and reward individual performance and contributions to the Company s success and financial performance. The Company s evaluation of the individual performance of each executive officer affects most aspects of the executive s compensation. Individual performance and level of responsibility are considered in determining an executive s annual salary, and are important factors in deciding whether to grant discretionary bonuses and equity awards. The compensation committee also believes that the establishment of meaningful performance targets under the Annual Incentive Plan will motivate our executives to perform at a higher level. See Compensation Policy - Align the interests of our executives with those of our stockholders and Compensation Components Performance-Based Cash Incentive Compensation .

Compensation Components

Base Salary

Base salary is designed to provide basic economic security for our executives and be competitive with salary levels for comparable executives at our peer group companies. As discussed under the heading Employment Agreements below, we entered into employment agreements with Mr. Liddell, Mr. Palm and Mr. Moore in November 2012, and we entered into an amended and restated employment agreement with Mr. Moore effective as of April 22, 2014. As discussed elsewhere in this proxy statement, Mr. Palm retired as our Chief Executive Officer and from our board of directors in February 2014, at which time his employment agreement was terminated, and Mr. Liddell did not stand for re-election as Chairman of the Board at our last annual meeting of stockholders in June 2013 and his employment agreement with the Company was terminated at such time. Under each of these employment agreements, the named executive officer was entitled to a base salary in each year of such executive s employment agreement, the amount of which was to be reviewed from time to time by the compensation committee and could be adjusted upward, but not downward, by the compensation committee in its sole discretion. In determining the amount of the base salaries of Mr. Liddell, Mr. Palm and Mr. Moore in connection with the negotiation of their respective employment agreements, the compensation committee considered numerous factors, including the compensation of executive officers of comparable companies within the oil and natural gas industry, the performance of such executive officer, the experience and leadership qualities of such executive officer, the value such executive officers brought to the Company and the Company s strategy for recruiting, retaining and motivating key employees. In the future, we anticipate that the compensation committee will continue to review the base salaries of our named executive officers on an annual basis, subject to the terms of any employment agreements that we may have with our named executive officers, and will consider similar factors in making base salary determinations. In February 2013, the compensation committee determined, in accordance with the terms of the November 2012 employment agreements, that each of Mr. Liddell, Mr. Palm and Mr. Moore would receive a base salary of $400,000 in 2013. Under the terms of his amended and restated employment agreement effective April 22, 2014, Mr. Moore s annual base salary for 2014 remained at $400,000. For additional information, see Compensation Decisions for 2013 and Changes in 2014 above. The compensation committee also did not make any changes in the base salary for Messrs. Maier and Baldwin for 2014.

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Performance-Based Cash Incentive Compensation

On April 1, 2014, the compensation committee recommended the approval of, and the board of directors approved, the 2014 Executive Annual Incentive Compensation Plan, subject to stockholder approval at the 2014 Annual Meeting of Stockholders. The 2014 Executive Annual Incentive Compensation Plan, which we refer to as the Annual Incentive Plan, is designed to provide an incentive to executive officers and other selected employees of the Company to contribute to the growth, profitability and increased value of the Company by providing cash incentive compensation that qualifies as performance based compensation within the meaning of Section 162(m) of the Internal Revenue Code. We adopted the Annual Incentive Plan, in response to certain stockholder concerns, as part of an ongoing initiative to eliminate the use of minimum discretionary bonus arrangements in the employment agreements of our executive officers in favor of performance-based bonuses.

The Annual Incentive Plan focuses on achievement of certain annual objectives and goals, as determined by the compensation committee at the beginning of each calendar year, and provides that the participants may earn a pre-determined percentage of their respective base salaries for the achievement of such specified goals. Under the Annual Incentive Plan, the payout opportunity is contingent upon meeting the threshold performance levels, and thereafter varies for performance above and below the pre-established target performance levels, subject to a maximum award level. The target award to a participant will represent a percentage of such participant s base salary, as adjusted based upon meeting or exceeding the performance levels established by the compensation committee for that year, and cannot exceed a maximum payment limit specified by the compensation committee. The terms of the Annual Incentive Plan are described in more detail in Proposal 2 below beginning on page 39.

On April 1, 2014, the compensation committee established the performance criteria and targets for 2014 under the Annual Incentive Plan and specified the weighting attributable to such performance metrics, subject to the approval of the Annual Incentive Plan by the Company s stockholders at the 2014 annual meeting of stockholders. For 2014, the performance levels require achieving certain financial and operational metrics, including growth in EBITDA, estimated proved reserves and oil and natural gas production, as compared to the prior year period. Also on April 1, 2014, the compensation committee granted an award to Michael G. Moore, our Chief Executive Officer, President and interim Chief Financial Officer, under the Annual Incentive Plan, which award will represent 50%, 100% or a maximum of 200% of his base salary, depending on reaching the threshold, target or above-target performance levels. Under the terms of Mr. Moore s amended and restated employment agreement effective April 22, 2014, the potential amount of the award is increased to 75%, 150% or a maximum of 300% of his base salary, subject to the same performance criteria and targets established by the compensation committee on April 1, 2014. Straight line interpolation will apply to determine the amount of the bonus for performance that is above the threshold target and between performance levels. As discussed above, the compensation committee believes that performance-based cash incentive compensation, with meaningful performance targets, will further align our executives interests with those of our stockholders, motivate our executives to contribute to the Company s growth and profitability and link a larger portion of our executives compensation to the performance of the Company.

Discretionary Bonus

The annual bonus is an incentive designed to motivate our executives to maximize stockholder return. Pursuant to the terms of the November 2012 employment agreements with Mr. Liddell, Mr. Palm and Mr. Moore, each such executive was entitled to receive an annual cash bonus. The compensation committee was required to determine the amount of the annual cash bonus awarded to each of Mr. Liddell, Mr. Palm and Mr. Moore, provided that the amount of the bonus was required to equal or exceed the minimum $500,000 annual bonus amount as set forth in each executive s employment agreement. For 2013, the compensation committee granted a discretionary bonus of $500,000 to Mr. Palm and an aggregate discretionary bonus of $800,000 to Mr. Moore. The amount of the bonus paid to

Mr. Palm was the same as the bonus granted to Mr. Palm for the prior year, which was intended to reflect our continued strong performance in 2013 and the contributions of Mr. Palm to the Company, including with respect to the Company s successful completion of two underwritten public offerings of common stock and an acquisition of additional working interests in our acreage in the Utica Shale in Eastern Ohio. The aggregate amount of the 2013 bonus awarded to Mr. Moore represented an increase of $300,000 over Mr. Moore s annual discretionary bonus for 2012. The compensation committee determined this increase was warranted considering the significant financial and operating performance gains experienced by the Company in 2013, Mr. Moore s overall performance and the additional duties and responsibilities he assumed upon his appointment as President in August 2013, his service as Chief Financial Officer and Secretary of the Company and his leadership through transformative acquisitions and related capital market transactions. The bonuses were also intended to keep these named executive officers overall compensation closer to the total compensation received by similarly situated executives at peer group companies. Mr. Liddell, who resigned as Chairman of the Board in June 2013, did not receive a discretionary bonus for 2013. For additional information, see Compensation Decisions for 2013 and Changes in 2014 above. As discussed elsewhere in this proxy statement, in response to stockholder input, the compensation committee has determined that objective performance-based bonus opportunities should be used to compensate our executives in place of discretionary or minimum bonus requirements.

Long-Term Incentive Compensation

2013 Awards. In 2013, the compensation committee reviewed and discussed the Company s current equity compensation plan and objectives. The compensation committee also considered the need to issue new equity awards as old awards become fully vested, so as to provide future incentives to our executive officers. Upon review, the compensation committee granted restricted stock awards of 50,000 shares of restricted common stock to each of Mr. Liddell, Mr. Palm and Mr. Moore and restricted stock awards of 40,000 shares of restricted common stock to each of Mr. Maier and Mr. Baldwin. For additional information regarding these awards, see *Compensation Policy Align the interests of our executives with those of our stockholders Restricted Stock Awards* above.

Long-Term Incentive Policy. Although in the past we awarded both options and restricted stock as part of our long-term incentive compensation program, our board of directors and the compensation committee believe that restricted stock awards are an essential component of our compensation strategy, and currently intend to primarily offer such awards in the future. Further, we anticipate that any equity awards granted to our executive officers during 2014 will be in the form of restricted stock. The Committee may also determine to issue other forms of stock-based awards to our named executive officers or other eligible participants under our 2013 Restated Stock Incentive Plan or other equity incentive plans in effect at that time. Our current equity incentive plan is described below under the heading 2013 Restated Stock Incentive Plan below. The compensation committee did not establish any objective performance targets for 2013.

Termination and Change of Control Benefits

As described in more detail under Employment Agreements and Potential Payments Upon Termination, Resignation or Change of Control, we are party to an employment agreement with Mr. Moore that provides for specified payments and benefits upon certain termination events, including termination following a change of control. This employment agreement contains termination and change of control provisions that we believe are comparable to similar provisions employed by a majority of the companies in our industry peer group. The compensation committee believes that this agreement will encourage Mr. Moore to remain in our employment in the event of a change of control of the Company and during circumstances which indicate that a change of control might occur. The compensation committee believes termination and change of control benefits are important in maintaining strong leadership and in encouraging retention in these situations and encourages our executives to act in the best interests of stockholders without distraction based on uncertainty regarding their employment status.

We do not have an employment agreement with either Mr. Maier or Mr. Baldwin but, under the terms of the restricted stock awards made to Mr. Maier and Mr. Baldwin, the shares of restricted stock held by Mr. Maier and Mr. Baldwin may be accelerated in the discretion of the compensation committee upon a change of control. The value of the restricted stock held by Mr. Maier and Mr. Baldwin was $2,251,658 and $2,062,268, respectively, as of December 31, 2013. See Potential Payments Upon Termination, Resignation or Change in Control.

Perquisites and Other Personal Benefits

We provide certain of our named executive officers with a limited number of perquisites or other personal benefits, primarily consisting of life insurance premiums and, in the case of Mr. Palm, prior to his retirement as our Chief Executive Officer, and Mr. Moore, our current Chief Executive Officer, President and interim Chief Financial Officer, a company vehicle, that we believe help provide a competitive package of compensation and benefits. The value of these benefits is disclosed in the Summary Compensation Table below.

Broad-Based Employee Benefits

401(k) Plan. We have a retirement savings plan in which our named executive officers currently participate. The retirement plan is a tax qualified 401(k) plan that covers all eligible employees including the named executive officers. Under the plan, we make a safe harbor contribution equal to 3% of each eligible employee s gross annual compensation for the prior calendar year. We also have the ability to make an additional, discretionary contribution that is allocated based on each eligible employee s gross annual compensation for the prior calendar year. Both contributions are or may be made regardless of employee s deferrals into the plan. In 2013, we made safe harbor and discretionary contributions totaling 6% of eligible compensation for eligible employees, subject to certain limitations provided by our 401(k) plan and Internal Revenue Service regulations. All contributions made by us on behalf of an employee are 100% vested when contributed. For more details regarding our 401(k) plan, see Retirement Plans 401(k) Plan below.

Other Benefits. Our named executive officers are eligible to participate in all of our other employee benefit plans which include medical, dental, group life, disability and accidental death and dismemberment insurance, in each case on the same basis as all other employees.

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Effect of Our Compensation Policies and Practices on Risk and Risk Management

The compensation committee reviews the risks and rewards associated with our compensation policies and programs. We believe that such policies and programs encourage and reward prudent business judgment and to avoid encouraging excessive risk-taking over the long term. With respect to specific elements of compensation:

We believe that our programs balance short- and long-term incentives for our executive officers providing for an appropriate mix of fixed, performance-based, discretionary and equity compensation that encourages long-term performance.

We believe that annual base salaries for our named executive officers do not encourage excessive risk-taking as they are fixed amounts that are subject to discretionary increases by our compensation committee that may be based on, among other factors, annual performance evaluations. We also believe that such annual base salaries are set at reasonable levels, as compared to the base salaries of similarly-situated individuals at our peer group companies, and therefore do not negate the effect of other compensation elements that encourage long-term service, growth and performance that may increase stockholder value.

Our annual bonuses are designed to award achievement of short-term results. Historically, subject to the minimum annual bonus amounts set forth in the employment agreements of certain of our executive officers, the amounts of such bonuses have been within the discretion of and determined by our compensation committee and have been based upon, among other factors, the Company s performance for the prior fiscal year and annual performance evaluations of our named executive officers. The compensation committee has eliminated the use of minimum discretionary bonus arrangements in all of the Company s employment agreements in recognition of the Company s shift to the use of performance-based bonuses.

On April 1, 2014, the compensation committee recommended the approval of, and the board of directors approved, the Annual Incentive Plan and established performance criteria thereunder, subject to stockholder approval of the Plan at the 2014 Annual Meeting of Stockholders. The compensation committee believes that performance-based cash incentive compensation, with meaningful performance targets, such as those under our Annual Incentive Plan, will further align our executives interests with those of our stockholders, will motivate our executives to contribute to the Company s growth and profitability and will link a larger portion of our executives compensation to the performance of the Company.

Restricted stock awards and stock options granted to our named executive officers are subject to time vesting provisions. We award restricted stock awards to ensure that our executives have a continuing stake in the long-term success of the Company as the value of the award will depend on the stock price at and after the time of vesting. We have in the past awarded stock options in order to align compensation with company performance, as the options become valuable to the executive only if the stock price increases from the date of grant. Also, stock options require a long-term commitment by executives to realize the appreciation potential of the options. However, we have not awarded stock options to our executive officers since 2005. We believe that our long-term equity awards do not encourage excessive risk taking that may be associated with equity awards that vest based strictly on achieving certain targets. We also believe that our long-term equity awards provide incentive to our named executive officers to reasonably encourage growth and financial performance that may increase stockholder value, as well as long-term service, and serve to align the interests of our executives with those of our stockholders.

Based on the foregoing, the compensation committee believes that the Company does not utilize compensation policies and programs creating risks that are reasonably likely to have a material adverse impact on the Company.

Deductibility of Executive Compensation

Section 162(m) of the Internal Revenue Code limits the deductibility for federal income tax purposes of executive compensation paid to the Chief Executive Officer and the three other most highly compensated officers (other than the Chief Executive Officer and the Chief Financial Officer) of a public company to $1,000,000 per year, but contains an exception for certain performance-based compensation. Our policy is to periodically review and consider whether particular compensation and incentive payments to our executives will be deductible for federal income tax purposes. We intend, to the extent feasible and when we believe it is in the best interests of the Company and its stockholders, to attempt to qualify executive compensation as tax deductible where it does not adversely affect the development and execution of our compensation plans. However, the compensation committee may from time to time approve non-deductible payments in order to maintain flexibility in structuring appropriate compensation programs in the interests of the Company and our stockholders. For example, the compensation committee has in the past granted stock options with time based vesting provisions that would be considered performance based compensation, but in recent years has granted restricted stock that is subject to time based vesting and does not constitute performance based compensation that will satisfy the exception to the deduction limit.

Accounting Implications of Executive Compensation Policy

We are required to recognize compensation expense of all stock-based awards pursuant to the provisions of FASB ASC Topic 718, *Compensation Stock Compensation*. Non-vested shares are deemed issued and outstanding from a legal perspective; however, under U.S. generally accepted accounting principles, or GAAP, only vested shares are included in basic shares outstanding. Also, under GAAP, non-vested shares are included in diluted shares outstanding when the effect is dilutive.

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The Role of Stockholders Say-on-Pay Vote

We provide our stockholders with the opportunity to cast an annual advisory vote on executive compensation (a say-on-pay proposal) in accordance with the Dodd-Frank Act. At our June 2011 annual meeting of stockholders, our stockholders expressed substantial support for the compensation of our named executive officers, with approximately 99.7% of the votes cast for approval of the say-on-pay advisory vote. The compensation committee evaluated the results of the 2011 say-on-pay advisory vote at its October 2011 meeting. At our June 2012 and June 2013 annual meetings of stockholders, our stockholders again expressed support for the compensation of our named executive officers, with approximately 94.4% and 63.6%, respectively, of the votes cast for approval of the say-on-pay advisory vote. The compensation committee believes that the results of the 2011, 2012 and 2013 say on pay advisory votes affirm our stockholders support of our executive compensation policies and practices, but the compensation committee has implemented the Annual Incentive Plan, subject to stockholder approval, to more closely align our executives interests with those of our stockholders and to link a larger portion of our executives compensation to the performance of the Company. The Annual Incentive Plan was approved, in response to certain stockholder concerns, as part of a broader initiative to revise the Company s compensation philosophy and programs away from a guaranteed minimum bonus structure to a mix of base compensation and performance based incentive compensation. The compensation committee also has committed to eliminate the use of minimum discretionary bonus arrangements in future employment agreements, in recognition of the Company s shift to the use of performance-based bonuses. The compensation committee believes that our executive compensation policies and practices, including the newly-adopted Annual Incentive Plan and shift away from discretionary bonus arrangements, are appropriate and reasonably consistent with market practices and with the long-term interests of the Company and its stockholders. The compensation committee will continue to consider the outcome of our stockholders future say-on-pay votes when making compensation decisions for our named executive officers.

Compensation Committee Report on Executive Compensation

The compensation committee has reviewed and discussed the foregoing Compensation Discussion and Analysis with management. Based on its review and discussion with management, the compensation committee recommended that the Compensation Discussion and Analysis be included in this proxy statement.

Respectfully submitted by the compensation committee:

David L. Houston, Chairman

Scott E. Streller

Compensation Committee Interlocks and Insider Participation

No current member of our compensation committee has ever been an officer or employee of ours. None of our executive officers serves, or has served during the past fiscal year, as a member of the board of directors or compensation committee of any other company that has one or more executive officers serving as member of our board of directors or compensation committee.

Compensation Tables

2011, 2012 AND 2013 SUMMARY COMPENSATION TABLE

The following table provides information concerning compensation of our principal executive officer, principal financial officer and our next three most highly paid executive officers for the fiscal years ended December 31, 2013, December 31, 2012 and December 31, 2011.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)	Option Awards ($)(1)	All Other Compensation ($)(2)	Total ($)
Michael G. Moore	2013	$ 383,333	$ 500,000(4)	$ 1,790,000(5)	$	$ 31,005	$ 2,704,338
President, Chief	2012	$ 300,000	$ 500,000	$ 1,494,400(6)	$	$ 30,093	$ 2,324,493
Financial Officer and Secretary(3)	2011	$ 300,000	$ 500,000	$ 758,000(7)	$	$ 24,971	$ 1,582,971
Stuart A. Maier Vice President of Geosciences	2013	$ 400,000	$ 175,000	$ 2,316,400(8)	$	$ 22,504	$ 2,913,904
Steve R. Baldwin Vice President of Reserve Engineering	2013	$ 195,833	$ 200,000	$ 2,316,400(9)	$	$ 23,160	$ 2,735,393
James D. Palm Former Chief Executive	2013	$ 383,333	$ 500,000	$ 1,790,000(10)	$	$ 46,905	$ 2,720,238
Officer	2012	$ 258,333	$ 500,000	$ 2,521,800(11)	$	$ 23,380	$ 3,303,513
	2011	$ 234,375	$ 500,000	$	$	$ 18,846	$ 753,221
Mike Liddell Former Chairman of the	2013	$ 166,671	$	$ 1,790,000(12)	$	$ 441,968	$ 2,398,639
Board	2012	$ 280,025	$ 500,000	$ 1,494,400(13)	$	$ 19,431	$ 2,293,856
	2011	$ 267,534	$ 50,000	$	$	$ 18,846	$ 336,380

(1) The amount reported in the Stock Awards column reflects the fair value of the restricted stock award on the award date. The amount was calculated using certain assumptions, as set forth in Note 9 to our consolidated financial statements for the fiscal year ended December 31, 2013, included in our Annual Report on Form 10-K, filed with the SEC on February 28, 2014.

(2) Amounts for Mr. Liddell include our 401(k) plan contributions of $19,197, $18,846 and $18,846 for 2013, 2012 and 2011, respectively, $271 and $585 attributable to Company sponsored health club membership in 2013 and 2012, respectively, and $422,500 attributable to compensation under the Consulting Agreement entered into with Mr. Liddell following his resignation as our Chairman of the Board in June 2013. Amounts for Mr. Palm include our 401(k) plan contributions of $19,197, $18,846 and $18,846 for 2013, 2012 and 2011, respectively, $5,332 and $4,534 attributable to Company sponsored sporting tickets in 2013 and 2012, respectively, and $22,376 attributable to use of a company vehicle in 2013. The amounts for Mr. Moore for 2013, 2012 and 2011 represent our 401(k) plan contributions of $19,197, $18,846 and $18,846, respectively, $6,413, $6,250 and $6,125, respectively, attributable to use of a company vehicle, $5,090 and $4,972 attributable to Company sponsored sporting tickets in 2013 and 2012, respectively, and $305 and $25 attributable to Company sponsored health club membership in 2013 and 2012, respectively. Amounts for Mr. Maier include our 401(k) plan contribution of $19,197, $611 attributable to Company sponsored health club membership and $2,696 attributable to Company sponsored sporting tickets. Amounts for Mr. Baldwin include our 401(k) plan contribution of $19,197, $305 attributable to Company sponsored health club membership and $3,658 attributable to Company sponsored sporting tickets.

(3) Effective April 22, 2014, Mr. Moore became our Chief Executive Officer and will continue to serve as our President. He will also serve as our interim Chief Financial Officer until a successor has been appointed.

(4) On April 1, 2014, the compensation committee awarded Mr. Moore an additional cash bonus of $300,000 attributable to his performance in 2013.

(5) Mr. Moore s 2013 restricted stock award of 50,000 shares of our restricted common stock vests in 12 quarterly installments, with 20,000 shares vested as of December 31, 2013, 16,667 shares vesting in 2014 and 13,333 shares vesting in 2015.

(6) Mr. Moore s 2012 restricted stock award of 40,000 shares of our restricted common stock vests in 12 quarterly installments, with 35,000 shares vested as of December 31, 2013 and 5,000 shares vesting in 2014.

(7) Mr. Moore s 2011 restricted stock award of 25,000 shares of our restricted common stock vests in five annual installments. Of this amount, 10,000 shares were vested as of December 31, 2013, 6,667 shares vest on June 16, 2014 and 8,333 shares vest on June 17, 2015.

(8) Mr. Maier was granted in 2013 an award of 40,000 shares of restricted common stock that vest in three substantially equal annual installments beginning on December 12, 2013.

(9) Mr. Baldwin was granted in 2013 an award of 40,000 shares of restricted common stock that vest in three substantially equal annual installments beginning on December 12, 2013.

(10) Mr. Palm s 2013 restricted stock award of 50,000 shares of our restricted common stock was scheduled to vest in 12 quarterly installments beginning on March 15, 2013, with 20,000 shares vesting in 2013, 16,667 shares vesting in 2014 and 13,333 shares vesting in 2015. Under the terms of the Separation Agreement entered into with Mr. Palm in connection with his retirement, all of these shares of restricted stock, along with all other unvested stock options, restricted stock or any other equity awards held by Mr. Palm, became fully vested on February 15, 2014, Mr. Palm s retirement date.

(11) Mr. Palm s 2012 restricted stock award of 67,500 shares of our restricted common stock was scheduled to vest in 12 quarterly installments, with 37,500 shares vesting in 2012, 20,000 shares vesting in 2013 and 10,000 shares vesting in 2014. Under the terms of the Separation Agreement entered into with Mr. Palm in connection with his retirement, all of these shares of restricted stock, along with all other unvested stock options, restricted stock or any other equity awards held by Mr. Palm, became fully vested on February 15, 2014, Mr. Palm s retirement date.

(12) Mr. Liddell s 2013 restricted stock award of 50,000 shares of our restricted common stock vests in 12 quarterly installments, with 20,000 shares vested as of December 31, 2013, 16,667 shares vesting in 2014 and 13,333 shares vesting in 2015.

(13) Mr. Liddell s 2012 restricted stock award of 40,000 shares of our restricted common stock vests in 12 quarterly installments, with 30,000 shares vested as of December 31, 2013 and 10,000 shares vesting in 2014.

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2013 GRANTS OF PLAN-BASED AWARDS

The following table provides information concerning each grant of an award made to our principal executive officer, our principal financial officer and our next three most highly paid executive officers in the fiscal year ended December 31, 2013 under any Company plan.

Name	Grant Date	Estimated Future Payouts Under Equity Incentive Plan Awards Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)
Michael G. Moore President, Chief Financial Officer and Secretary(1)					50,000(2)			1,790,000
Stuart A. Maier Vice President of Geosciences					40,000(3)			2,316,400
Steve R. Baldwin Vice President of Reserve Engineering					40,000(4)			2,316,400
James D. Palm Former Chief Executive Officer					50,000(5)			1,790,000
Mike Liddell Former Chairman of the Board					50,000(6)			1,790,000

(1) Effective April 22, 2014, Mr. Moore became our Chief Executive Officer and will continue to serve as our President. He will also serve as our interim Chief Financial Officer until a successor has been appointed.

(2) Mr. Moore s restricted stock award of 50,000 shares of our restricted common stock vests in 12 quarterly installments beginning on March 15, 2013, with 20,000 shares vesting in 2013, 16,667 shares vesting in 2014 and 13,333 shares vesting in 2015.

(3) Mr. Maier s restricted stock award of 40,000 shares of restricted common stock vests in three substantially equal annual installments beginning on December 12, 2013.

(4) Mr. Baldwin s restricted stock award of 40,000 shares of restricted common stock vests in three substantially equal annual installments beginning on December 12, 2013.

(5) Mr. Palm s restricted stock award of 50,000 shares of our restricted common stock was scheduled to vest in 12 quarterly installments beginning on March 15, 2013, with 20,000 shares vesting in 2013, 16,667 shares vesting in 2014 and 13,333 shares vesting in 2015. Under the terms of the Separation Agreement entered into with Mr. Palm in connection with his retirement, all of these shares of restricted stock, along with all other unvested stock

options, restricted stock or any other equity awards held by Mr. Palm, became fully vested on February 15, 2014, Mr. Palm s retirement date.

(6) Mr. Liddell s restricted stock award of 50,000 shares of our restricted common stock vests in 12 quarterly installments beginning on March 15, 2013, with 20,000 shares vesting in 2013, 16,667 shares vesting in 2014 and 13,333 shares vesting in 2015.

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OUTSTANDING EQUITY AWARDS AT 2013 FISCAL YEAR-END

The following table provides information concerning equity awards outstanding for our principal executive officer, our principal financial officer and our next three most highly paid executive officers at December 31, 2013.

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date(1)	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested ($)(2)
Michael G. Moore			$		65,000(3)	$ 4,103,450
Stuart A. Maier			$		35,667(4)	$ 2,251,658
Steve R. Baldwin			$		32,667(5)	$ 2,062,268
James D. Palm			$		40,000(6)	$ 2,525,200
Mike Liddell	182,908		$ 3.36	1/24/2015	40,000(7)	$ 2,525,200

(1) The option expiration date reflects the tenth anniversary from the date of grant.