

CIMAREX ENERGY CO  
Form 10-Q  
May 09, 2007

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

(Mark One)

**Quarterly Report Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934**

**Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

**For the Quarterly Period ended March 31, 2007**

**Commission File No. 001-31446**

**CIMAREX ENERGY CO.**

**1700 Lincoln Street, Suite 1800**

**Denver, Colorado 80203-4518**

**(303) 295-3995**

**Incorporated in the  
State of Delaware**

**Employer Identification  
No. 45-0466694**

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer (as defined in Rule 12b-2 of the Exchange Act). (Check One)

Large accelerated filer  Accelerated Filer  Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No .

The number of shares of Cimarex Energy Co. common stock outstanding as of March 31, 2007 was 83,286,560.

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**CIMAREX ENERGY CO.**

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### Signatures

*In this report, we use terms to discuss oil and gas producing activities as defined in Rule 4-10(a) of Regulation S-X. We express quantities of natural gas in terms of thousand cubic feet (Mcf), million cubic feet (MMcf) or billion cubic feet (Bcf). MMBtu is one million British Thermal Units, a common energy measurement. Oil is quantified in terms of barrels (Bbls), thousands of barrels (MBbls) and millions of barrels (MMBbls). Oil is compared to natural gas in terms of equivalent thousand cubic feet (Mcf) or equivalent million cubic feet (MMcf). One barrel of oil is the energy equivalent of six Mcf of natural gas. Information relating to our working interest in wells or acreage, net oil and gas wells or acreage is determined by multiplying gross wells or acreage by our working interest therein. Unless otherwise specified, all references to wells and acres are gross.*

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## PART I

## ITEM 1 - Financial Statements

## CIMAREX ENERGY CO.

## Consolidated Balance Sheets

(Unaudited)

	March 31, 2007	December 31, 2006
	(In thousands, except share data)	
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 7,351	\$ 5,048
Receivables, net	300,147	306,458
Inventories	42,001	39,397
Deferred income taxes	4,477	1,498
Derivative instruments, net	10,093	41,945
Other current assets	18,692	22,411
Total current assets	382,761	416,757
Oil and gas properties at cost, using the full cost method of accounting:		
Proved properties	4,954,773	4,656,854
Unproved properties and properties under development, not being amortized	373,555	425,173
	5,328,328	5,082,027
Less accumulated depreciation, depletion and amortization	(1,598,955 )	(1,494,317 )
Net oil and gas properties	3,729,373	3,587,710
Fixed assets, net	86,882	88,924
Goodwill	691,432	691,432
Derivative instruments	2,823	7,051
Other assets, net	38,404	37,876
	\$ 4,931,675	\$ 4,829,750
<b>Liabilities and Stockholders Equity</b>		
Current liabilities:		
Accounts payable	\$ 49,436	\$ 56,241
Accrued liabilities	176,343	202,163
Revenue payable	95,670	96,184
Total current liabilities	321,449	354,588
Long-term debt	508,720	443,667
Deferred income taxes	945,411	921,665
Other liabilities	136,622	133,687
Stockholders equity:		
Preferred stock, \$0.01 par value, 15,000,000 shares authorized, no shares issued		
Common stock, \$0.01 par value, 200,000,000 shares authorized, 83,286,560 and 83,962,132 shares issued, respectively	844	840
Treasury stock, at cost, 1,078,822 and 1,078,822 shares held, respectively	(40,628 )	(40,628 )
Paid-in capital	1,872,286	1,867,448
Retained earnings	1,178,635	1,117,402
Accumulated other comprehensive income	8,336	31,081

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3,019,473	2,976,143
\$ 4,931,675	\$ 4,829,750

See accompanying notes to consolidated financial statements.

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**CIMAREX ENERGY CO.**

## Consolidated Statements of Operations

(Unaudited)

	<b>For the Three Months Ended March 31,</b>	
	<b>2007</b>	<b>2006</b>
	<b>(In thousands, except per share data)</b>	
<b>Revenues:</b>		
Gas sales	\$ 196,290	\$ 233,723
Oil sales	97,164	88,272
Gas gathering and processing	12,639	11,302
Gas marketing, net	782	1,953
	306,875	335,250
<b>Costs and expenses:</b>		
Depreciation, depletion and amortization	108,884	90,628
Asset retirement obligation accretion	2,591	1,448
Production	45,005	41,772
Transportation	5,934	4,308
Gas gathering and processing	7,311	6,553
Taxes other than income	20,627	23,546
General and administrative	12,651	10,885
Stock compensation, net	2,670	1,968
Gain on derivative instruments		(15,567 )
Other operating, net	(271 )	31
	205,402	165,572
Operating income	101,473	