CIMAREX ENERGY CO Form 10-Q May 09, 2007

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

- x Quarterly Report Pursuant To Section 13 or 15(d) of the Securities Exchange Act of 1934
- o 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 x No o.

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 x Accelerated Filer o Non-accelerated filer o

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

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

CIMAREX ENERGY CO.

Table of Contents

PART I

<u>Item 1</u> <u>Financial Statements</u>

Consolidated balance sheets (unaudited) as of March 31, 2007 and December 31, 2006

Consolidated statements of operations (unaudited) for the three months ended March 31, 2007 and 2006

Consolidated statements of cash flows (unaudited) for the three months ended March 31, 2007 and 2006

Notes to consolidated financial statements

<u>Item 2</u> <u>Management s Discussion and Analysis of Financial Condition and Results of Operations</u>

<u>Item 3</u> <u>Qualitative and Quantitative Disclosures About Market Risk</u>

<u>Item 4</u> <u>Controls and Procedures</u>

PART II

<u>Item 6</u> <u>Exhibits and Reports on Form 8-K</u>

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 (Mcfe) or equivalent million cubic feet (MMcfe). 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.

PART I

ITEM 1 - Financial Statements

CIMAREX ENERGY CO.

Consolidated Balance Sheets

(Unaudited)

Current assets Cash and cash equivalents S 7,351 S 5,048		2007	March 31, December 31, 2007 2006 (In thousands, except share data)				
Cash and cash equivalents \$7,351 \$5,048 Receivables, net 300,458 300,458 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 Less accumulated depreciation, depletion and amortization 1,598,952 1,644,317 1,70 Net oil and gas properties 86,882 88,924 6004,217 601,432 691,432 <t< th=""><th></th><th></th><th></th><th></th><th></th><th></th></t<>							
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Retained earnings 1,178,635 1,117,402	Treasury stock, at cost, 1,078,822 and 1,078,822 shares held, respectively	(40,6	(40,628)		(40,	628	
		1,87	2,286		1,86	57,448	
Accumulated other comprehensive income 8,336 31,081	Retained earnings	1,17	1,178,635 1,1		1,11	7,402	
	Accumulated other comprehensive income	8,33	6		31,0	081	

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)

	For the Three Months Ended March 31, 2007 (In thousands, except per	2006 Share data)	
Revenues:	(, 	,	
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	
Costs and expenses:			
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		