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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 June 30, 2008

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, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

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

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

The number of shares of Cimarex Energy Co. common stock outstanding as of June 30, 2008 was 83,077,382.

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CIMAREX ENERGY CO.

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.

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PART I

ITEM 1 - Financial Statements

CIMAREX ENERGY CO.

Consolidated Balance Sheets

(Unaudited)

	June 30, 2008	December 31, 2007
	(In thousands, except share data)	
Assets		
Current assets:		
Cash and cash equivalents	$ 168,801	$ 123,050
Restricted cash	685	
Short-term investments	7,393	14,391
Receivables, net	418,464	315,327
Inventories	74,874	29,642
Deferred income taxes	365	5,697
Derivative instruments		12,124
Prepaid expenses	18,992	8,117
Other current assets	5,679	56,229
Total current assets	695,253	564,577
Oil and gas properties at cost, using the full cost method of accounting:		
Proved properties	6,195,685	5,545,977
Unproved properties and properties under development, not being amortized	388,020	364,618
	6,583,705	5,910,595
Less accumulated depreciation, depletion and amortization	(2,188,611)	(1,938,863)
Net oil and gas properties	4,395,094	3,971,732
Fixed assets, net	101,647	90,584
Goodwill	691,432	691,432
Other assets, net	85,846	44,469
	$ 5,969,272	$ 5,362,794
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable	$ 107,697	$ 52,671
Accrued liabilities	236,830	240,387
Derivative instruments	16,555	
Revenue payable	184,819	131,513
Total current liabilities	545,901	424,571
Long-term debt	486,778	487,159
Deferred income taxes	1,178,369	1,076,223
Other liabilities	136,959	115,554
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, 83,962,774 and 83,620,480 shares issued, respectively	840	836

Treasury stock, at cost, 885,392 and 1,078,822 shares held, respectively		(33,344)		(40,628)
Paid-in capital		1,846,365		1,842,690
Retained earnings		1,817,902		1,448,763
Accumulated other comprehensive income		(10,498)		7,626
		3,621,265		3,259,287
	$	5,969,272	$	5,362,794

See accompanying notes to consolidated financial statements.

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CIMAREX ENERGY CO.

Consolidated Statements of Operations

(Unaudited)

	For the Three Months Ended June 30, 2008	For the Three Months Ended June 30, 2007	For the Six Months Ended June 30, 2008	For the Six Months Ended June 30, 2007
	(In thousands, except per share data)			
Revenues:				
Gas sales	$ 339,965	$ 214,937	$ 598,920	$ 411,227
Oil sales	248,741	110,830	444,191	207,994
Gas gathering, processing and other	26,610	15,013	47,981	27,652
Gas marketing, net	1,067	1,304	2,367	2,086
	616,383	342,084	1,093,459	648,959
Costs and expenses:				
Depreciation, depletion and amortization	133,201	112,797	258,757	221,681
Asset retirement obligation	1,862	2,399	3,456	4,990
Production	49,092	50,916	101,144	95,921
Transportation	10,621	6,294	18,930	12,228
Gas gathering and processing	12,361	7,825	22,402	15,136
Taxes other than income	39,749	23,802	70,356	44,429
General and administrative	13,876	11,958	25,460	24,609
Stock compensation, net	2,366	2,598	4,641	5,268
Other operating, net	85	2,586	1,121	2,315
	263,213	221,175	506,267	426,577
Operating income	353,170	120,909	587,192	222,382
Other (income) and expense:				
Interest expense	7,748	10,297	16,168	19,462
Capitalized interest	(4,653)	(4,898)	(9,259)	(9,989)
Amortization of fair value of debt	(190)	(580)	(381)	(1,527)
Gain on early extinguishment of debt		(5,099)		(5,099)
Other, net	(5,507)	(3,457)	(8,524)	(6,906)
Income before income tax expense	355,772	124,646	589,188	226,441
Income tax expense	126,464	45,939	210,045	83,106
Net income	$ 229,308	$ 78,707	$ 379,143	$ 143,335
Earnings per share:				
Basic	$ 2.81	$ 0.96	$ 4.66	$ 1.74
Diluted	$ 2.68	$ 0.93	$ 4.44	$ 1.69
Weighted average shares outstanding:				
Basic	81,474	82,282	81,380	82,252
Diluted	85,589	84,836	85,482	84,745

See accompanying notes to consolidated financial statements.

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CIMAREX ENERGY CO.

Condensed Consolidated Statements of Cash Flows

(Unaudited)

	For the Six Months Ended June 30, 2008	2007
	(In thousands)	
Cash flows from operating activities:		
Net income	$ 379,143	$ 143,335
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	258,757	221,681
Asset retirement obligation	3,456	4,990
Deferred income taxes	124,462	83,106
Stock compensation, net	4,641	5,268
Other	(126)	(6,676)
Changes in operating assets and liabilities (Increase) decrease in receivables, net	(103,137)	11,741
Increase in other current assets	(46,047)	(8,968)
Increase (decrease) in accounts payable and accrued liabilities	77,752	(18,862)
Decrease in other non-current liabilities	(1,349)	(2,352)
Net cash provided by operating activities	697,552	433,263
Cash flows from investing activities:		
Oil and gas expenditures	(641,067)	(473,229)
Proceeds from sale of assets	354	21,530
Sales of short-term investments	7,061	
Other expenditures	(21,086)	(7,390)
Net cash used by investing activities	(654,738)	(459,089)
Cash flows from financing activities:		
Net decrease in bank debt		(95,000)
Increase in other long-term debt		350,000
Decrease in other long-term debt		(204,360)
Financing costs incurred	(50)	(6,098)
Treasury Stock acquired		(5,623)
Dividends paid	(9,974)	(6,747)
Proceeds from issuance of common stock and other	12,961	8,017
Net cash provided by financing activities	2,937	40,189
Net change in cash and cash equivalents	45,751	14,363
Cash and cash equivalents at beginning of period	123,050	5,048
Cash and cash equivalents at end of period	$ 168,801	$ 19,411

See accompanying notes to consolidated financial statements.

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CIMAREX ENERGY CO.

Notes to Consolidated Financial Statements

June 30, 2008

(Unaudited)

1. Basis of Presentation

The accompanying unaudited financial statements have been prepared by Cimarex Energy Co. pursuant to rules and regulations of the Securities and Exchange Commission (SEC). Accordingly, certain disclosures required by accounting principles generally accepted in the United States and normally included in annual reports on Form 10-K have been omitted. Although management believes that our disclosures in these interim financial statements are adequate, they should be read in conjunction with the financial statements, summary of significant accounting policies, and footnotes included in our 2007 Annual Report on Form 10-K/A-1.

In the opinion of management, the accompanying financial statements reflect all adjustments necessary to present fairly our financial position, results of operations, and cash flows for the periods shown.

Full Cost Accounting Method and Ceiling Limitation

We use the full cost method of accounting for our oil and gas operations. All costs associated with property acquisition, exploration, and development activities are capitalized. Exploration and development costs include dry hole costs, geological and geophysical costs, direct overhead related to exploration and development activities, and other costs incurred for the purpose of finding oil and gas reserves. Salaries and benefits paid to employees directly involved in the exploration and development of properties, as well as other internal costs that can be directly identified with acquisition, exploration, and development activities, are also capitalized. Under the full cost method of accounting, no gain or loss is recognized upon the disposition of oil and gas properties unless such disposition would significantly alter the relationship between capitalized costs and proved reserves.

At the end of each quarter, we make a full cost ceiling limitation calculation, whereby net capitalized costs related to proved properties less associated deferred income taxes may not exceed an amount equal to the present value discounted at ten percent of estimated future net revenues from proved reserves less estimated future production and development costs and related income tax expense. Future net revenues used in the calculation of the full cost ceiling limitation consider significant changes in quantities and are determined based on current oil and gas prices which are adjusted for designated cash flow hedges. Increases and decreases in proved reserve estimates, due to quantity revisions or fluctuations in commodity prices, will result in corresponding changes to the full cost ceiling limitation. If net capitalized costs subject to amortization exceed this limit, the excess would be charged to expense. However, if commodity prices increase after period end and before issuance of the financial statements, the higher commodity prices will be used to determine if the capital costs are in fact impaired as of the end of the period.

Depletion of proved oil and gas properties is computed on the units-of-production method, whereby capitalized costs, as adjusted for future development costs and asset retirement obligations, are amortized over the total estimated proved reserves. The costs of wells in progress and certain unevaluated properties are not being amortized. On a quarterly basis, we evaluate such costs for inclusion in the costs to be amortized resulting from the determination of proved reserves, impairments, or reductions in value. To the extent that the evaluation indicates these properties are impaired, the amount of the impairment is added to the capitalized costs to be amortized. Expenditures for maintenance and repairs are charged to production expense in the period incurred.

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CIMAREX ENERGY CO.

Notes to Consolidated Financial Statements

June 30, 2008

(Unaudited)

Use of Estimates

We make certain estimates and assumptions to prepare our financial statements in conformity with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenues, and expenses during the reporting period and in disclosures of commitments and contingencies. We analyze our estimates, including those related to oil and gas revenues, reserves and properties, as well as goodwill and contingencies, and base our estimates on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

The more significant areas requiring the use of management s estimates and judgments relate to the estimation of proved oil and gas reserves, the use of these oil and gas reserves in calculating depletion, depreciation, and amortization, the use of the estimates of future net revenues in computing ceiling test limitations and estimates of future abandonment obligations used in recording asset retirement obligations, and the assessment of goodwill. Estimates and judgments are also required in determining reserves for bad debt, impairments of undeveloped properties, purchase price allocation, and valuation of deferred tax assets.

Certain amounts in prior years financial statements have been reclassified to conform to the 2008 financial statement presentation.

2. Financial Instruments

Derivatives

In 2006, we entered into derivative contracts to mitigate a portion of our potential exposure to adverse market changes in an environment of volatile gas prices. Using zero-cost collars with Mid-Continent weighted average floor and ceiling prices of $7.00 to $10.17 for 2007 we hedged 29.2 million MMBtu of our anticipated Mid-Continent gas production for 2007. For 2008 we hedged 14.6 million MMBtu. The following table sets forth the terms of the related derivative contracts for the remaining six months:

Commodity	**Type**	**Volume/Day**	**Duration**	**Mid-Continent Price**	**Fair Value (000 s)**
Natural Gas	Collar	20,000 MMBTU	Jul 08 - Dec 08	$7.00 - $ 9.80	$ (8,556)
Natural Gas	Collar	10,000 MMBTU	Jul 08 Dec 08	$7.00 - $10.10	(3,861)
Natural Gas	Collar	10,000 MMBTU	Jul 08 Dec 08	$7.00 - $ 9.90	(4,138)
					$ (16,555)

At June 30, 2008, the remaining contracts outstanding represented approximately 22% of our current anticipated Mid-Continent gas production for 2008.

Under the collar agreements, we receive the difference between an agreed upon index price and a floor price if the index price is below the floor price. We pay the difference between the agreed upon contracted ceiling price and the index price only if the index price is above the contracted ceiling price.

No amounts are paid or received if the index price is between the contracted floor and ceiling prices. These contracts have been designated for hedge accounting treatment as cash flow hedges.

No settlements were received or paid during the second quarter of 2008. Settlements received during the quarter ended June 30, 2007 equaled $3.4 million, which were recorded in gas sales and increased the average realized price for the period by $0.11 per Mcf. Settlements received during the six months ended June 30, 2008 and 2007 equaled $1.0 million and $8.5 million, respectively, which were recorded in gas sales and increased the average realized price for the periods by $0.02 and $0.14 per Mcf, respectively. During the

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quarters ended June 30, 2008 and 2007, we recognized an unrealized loss of $234 thousand and a $96 thousand gain, respectively, related to the ineffective portion of the derivative contracts. During the six months ended June 30, 2008 and 2007, we recognized an unrealized loss of $588 thousand and a $17 thousand gain, respectively, related to the ineffective portion of the derivative contracts.

At December 31, 2007, the fair value of the remaining contracts was $12.1 million, recorded as a current asset and an unrealized gain of $7.7 million (net of deferred income taxes) was included in other comprehensive income.

At June 30, 2008, the fair value calculation of the remaining contracts resulted in a current liability of approximately $16.6 million. An unrealized loss (net of deferred income taxes) of $10.3 million was recorded in other comprehensive income. These contracts will expire during the remaining six months of 2008. We believe that we have sufficient production volumes such that the hedge contract transactions will occur as expected.

Short-term Investments

In the fourth quarter of 2007, we invested $16 million in a securities fund. The investments, which are expected to be liquidated within the next twelve months, are classified as current assets, available-for-sale and are marked-to-market at the end of each period, through other comprehensive income. As of June 30, 2008, we had liquidated $8.3 million of the investments with a realized loss of $146 thousand. We also recorded an unrealized loss of $225 thousand in other comprehensive income, resulting in a fair value attributable to the investments of $7.4 million.

Debt

Our revolving credit facility provides for $500 million of long-term committed credit. The carrying amount of the credit facility approximates the fair value because the interest rates on the credit facility are variable. At June 30, 2008 and December 31, 2007, there were no outstanding borrowings under the credit facility.

The following table presents the carrying amounts and estimated fair values of our other debt instruments:

	June 30, 2008		December 31, 2007	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In thousands)			
7.125% Notes due 2017(1)	$ 350,000	$ 345,625	$ 350,000	$ 346,504
Floating rate convertible notes due 2023 (face value $125,000)	$ 136,778	$ 303,335	$ 137,159	$ 183,395

(1) The fair values for the fixed rate notes were based on their last traded value before period end.

The carrying amounts for the convertible notes do not reflect $49.6 million of Paid in Capital attributable to the fair value of our common stock at the time we acquired the convertible notes. There is not an observable market for these notes. The fair values of the convertible notes were based on the closing price per share for our common stock, which was $69.67 at June 30, 2008 and $42.53 at December 31, 2007. Therefore, the calculated fair value includes value attributable to both the face amount of the notes and the conversion feature.

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CIMAREX ENERGY CO.

Notes to Consolidated Financial Statements

June 30, 2008

(Unaudited)

Other Financial Instruments

The carrying amounts of our cash, cash equivalents, restricted cash, accounts receivable, accounts payable, and accrued liabilities approximate fair value because of the short-term maturities of these assets and liabilities. Adoption of Statement of Financial Accounting Standards No. 157, *Fair Value Measurements,* had no material impact on our financial statements.

Most of our accounts receivable balances are uncollateralized and result from transactions with other companies in the oil and gas industry. Concentration of customers may impact our overall credit risk because our customers may be similarly affected by changes in economic or other conditions within the industry. At June 30, 2008 and December 31, 2007, our aggregate allowance for doubtful accounts for trade, oil and gas sales, and gas gathering, processing, and marketing receivables was $5.8 million.

3. Capital Stock

Stock-based Compensation

Our 2002 Stock Incentive Plan was approved by stockholders in May 2003 and is effective until October 1, 2012. The plan provides for grants of stock options, restricted stock and restricted stock units to non-employee directors, officers and other eligible employees. A total of 12.7 million shares of common stock may be issued under the Plan.

Restricted Stock and Units

During the six months ended June 30, 2008, we issued a total of 258,370 restricted shares to non-employee directors, officers, and other employees. Included in that amount are 228,000 shares issued to certain executives that are subject to market condition-based vesting determined by our stock price performance relative to a defined peer group s stock price performance. After three years of continued service, an executive will be entitled to vest in 50% to 100% of the award. The material terms of performance goals applicable to these awards were approved by stockholders in May 2006. The remaining shares granted in 2008 have service-based vesting schedules of five years.

The following table presents restricted stock activity as of June 30, 2008, and changes during the year:

Outstanding as of January 1, 2008	1,289,695
Vested	(23,713)
Granted	258,370
Canceled	(18,600)
Outstanding as of June 30, 2008	1,505,752

The following table presents restricted unit activity as of June 30, 2008 and changes during the year:

Outstanding as of January 1, 2008	701,915
Converted to Stock	(45,500)
Granted	3,790
Canceled	
Outstanding as of June 30, 2008	660,205
Vested included in outstanding	569,247

CIMAREX ENERGY CO.

Notes to Consolidated Financial Statements

June 30, 2008

(Unaudited)

Vesting of restricted stock and units granted in years before 2006 is exclusively related to continued service of the grantee for one to five years. In certain cases, a three-year required holding period following vesting also applies. A restricted unit represents a right to an unrestricted share of common stock upon completion of defined vesting and holding periods. The restricted stock and stock unit agreements provide that grantees are entitled to receive dividends on unvested shares.

Compensation costs for service-based vesting restricted shares or units is based upon amortization of the grant-date market value of the award. The fair value of the market condition-based restricted stock awards is based on the grant-date market value of the award, utilizing a Monte Carlo simulation model to estimate the percentage of awards that will vest at the end of a three-year period. Compensation costs related to the restricted stock and units is recognized ratably over the applicable vesting period. For the quarter ended June 30, 2008 and 2007, total compensation costs (including capitalized amounts) equaled $4.1 million and $3.0 million, respectively. For the six months ended June 30, 2008 and 2007, compensation costs (including capitalized amounts) equaled $7.7 million and $5.9 million, respectively.

Unamortized compensation costs related to unvested restricted shares and units at June 30, 2008 and 2007 was $31.7 million and $27.8 million, respectively.

Stock Options

Options granted under our plan expire ten years from the grant date and vest in one-fifth increments on each of the first five anniversaries of the grant date. The plan provides that all grants have an exercise price equal to the average of the high and low prices of our common stock as reported by the New York Stock Exchange on the date of grant. Upon the exercise of stock options granted after October 1, 2002, grantees are required to hold at least 50 percent of the profit shares, as defined in the plan, until the eighth anniversary of the grant date.

There were no stock options granted to employees during the six months ended June 30, 2008 and 2007.

Information about outstanding stock options is summarized below:

	Shares	**Weighted Average Exercise Price**	**Weighted Average Remaining Term**	**Aggregate Intrinsic Value (000)**
Outstanding as of January 1, 2008	1,489,565	$ 17.73		
Exercised	(404,449)	15.47		
Granted				
Canceled				
Outstanding as of June 30, 2008	1,085,116	$ 18.58	4.4 Years	$ 55,443
Exercisable as of June 30, 2008	983,356	$ 16.63	3.9 Years	