

CIMAREX ENERGY CO
Form 10-Q
May 03, 2012
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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, 2012

Commission File No. 001-31446

CIMAREX ENERGY CO.

1700 Lincoln Street, Suite 1800

Denver, Colorado 80203-4518

(303) 295-3995

Incorporated in the

Employer Identification

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State of Delaware

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

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

Large accelerated filer

Accelerated filer

Non-accelerated filer
(Do not check if a smaller
reporting company)

Smaller reporting company

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, 2012 was 85,718,280.

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GLOSSARY

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

Bbls Barrels (of oil or natural gas liquids)

Bcf Billion cubic feet

Bcfe Billion cubic feet equivalent

Btu British thermal unit

MBbls Thousand barrels

Mcf Thousand cubic feet (of natural gas)

Mcfe Thousand cubic feet equivalent

MMBbls Million barrels

MMBtu Million British Thermal Units

MMcf Million cubic feet

MMcf/d Million cubic feet per day

MMcfe Million cubic feet equivalent

MMcfe/d Million cubic feet equivalent per day

Net Acres Gross acreage multiplied by Cimarex's working interest percentage

Net Production Gross production multiplied by Cimarex's net revenue interest

NGL Natural gas liquids

Tcf Trillion cubic feet

Tcfe Trillion cubic feet equivalent

WTI West Texas Intermediate

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

CAUTIONARY INFORMATION ABOUT FORWARD-LOOKING STATEMENTS

Throughout this Form 10-Q, we make statements that may be deemed forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities and Exchange Act of 1934. These forward-looking statements include, among others, statements concerning our outlook with regard to timing and amount of future production of oil and gas, price realizations, amounts, nature and timing of capital expenditures for exploration and development, plans for funding operations and capital expenditures, drilling of wells, operating costs and other expenses, marketing of oil and gas and other statements of expectations, beliefs, future plans and strategies, anticipated events or trends, and similar expressions concerning matters that are not historical facts. The forward-looking statements in this report are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by the statements.

These risks and uncertainties include, but are not limited to, fluctuations in the price we receive for our oil and gas production, reductions in the quantity of oil and gas sold due to decreased industry-wide demand and/or curtailments in production from specific properties due to mechanical, marketing or other problems, operating and capital expenditures that are either significantly higher or lower than anticipated because the actual cost of identified projects varied from original estimates and/or from the number of exploration and development opportunities being greater or fewer than currently anticipated, and increased financing costs due to a significant increase in interest rates. In addition, exploration and development opportunities that we pursue may not result in productive oil and gas properties. There are also numerous uncertainties inherent in estimating quantities of proved reserves, projecting future rates of production and the timing of development expenditures. These and other risks and uncertainties affecting us are discussed in greater detail in this report and in our other filings with the Securities and Exchange Commission.

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Condensed Consolidated Balance Sheets

	March 31, 2012 (Unaudited)	December 31, 2011
	(In thousands, except share data)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,406	\$ 2,406
Receivables, net	361,553	359,409
Oil and gas well equipment and supplies	84,808	85,141
Deferred income taxes	5,876	2,723
Other current assets	8,480	8,216
Total current assets	465,123	457,895
Oil and gas properties at cost, using the full cost method of accounting:		
Proved properties	10,302,527	9,933,517
Unproved properties and properties under development, not being amortized	642,506	607,219
	10,945,033	10,540,736
Less accumulated depreciation, depletion and amortization	(6,525,077)	(6,414,528)
Net oil and gas properties	4,419,956	4,126,208
Fixed assets, net	123,534	118,215
Goodwill	691,432	691,432
Other assets, net	36,404	34,827
	\$ 5,736,449	\$ 5,428,577
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable	\$ 61,462	\$ 79,788
Accrued liabilities	364,804	385,651
Derivative instruments	4,333	245
Revenue payable	157,159	150,655
Total current liabilities	587,758	616,339
Long-term debt	572,000	405,000
Deferred income taxes	1,041,257	974,932
Other liabilities	304,972	301,693
Total liabilities	2,505,987	2,297,964
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, 85,718,280 and 85,774,084 shares issued, respectively	857	858
Paid-in capital	1,912,125	1,908,506
Retained earnings	1,317,095	1,221,263
Accumulated other comprehensive income (loss)	385	(14)
	3,230,462	3,130,613

\$	5,736,449	\$	5,428,577
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See accompanying notes to consolidated financial statements.

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CIMAREX ENERGY CO.

Consolidated Comprehensive Statements of Operations

(Unaudited)

	For the Three Months Ended March 31,	
	2012	2011
	(In thousands, except per share data)	
Revenues:		
Gas sales	\$ 85,153	\$ 131,323
Oil sales	267,084	220,499
NGL sales	59,014	62,190
Gas gathering, processing and other	11,707	12,517
Gas marketing, net	78	67
	423,036	426,596
Costs and expenses:		
Depreciation, depletion and amortization	118,262	