

CIMAREX ENERGY CO  
Form 11-K  
June 23, 2008

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D C 20549

**Form 11-K**

**x ANNUAL REPORT PURSUANT TO SECTION 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2007**

**OR**

**o TRANSITION REPORT PURSUANT TO SECTION 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from to**

**Commission file number 001-31446**

A. Full title of the plan and the address of the plan, if different from that of the issuer named below:

**CIMAREX ENERGY CO. 401(k) PLAN**

B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:

**CIMAREX ENERGY CO.**

**1700 Lincoln Street, Suite 1800, Denver, Colorado 80203**  
(Address of principal executive offices including ZIP code)

**(303) 295-3995**  
(Registrant's telephone number)

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**Cimarex Energy Co.**

**401(k) Plan**

**Financial Statements**

**and Supplemental Schedule**

**As of December 31, 2007 and 2006**

**and For the Year Ended December 31, 2007**

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Cimarex Energy Co.

401(k) Plan

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**Report of Independent Registered Public Accounting Firm**

The Participants, Audit Committee of Cimarex Energy Co. and

Cimarex Energy Co. 401(k) Plan Administrative Committee:

We have audited the accompanying statements of net assets available for plan benefits of Cimarex Energy Co. 401(k) Plan (the Plan ) as of December 31, 2007 and 2006, and the related statement of changes in net assets available for plan benefits for the year ended December 31, 2007. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 2007 and 2006, and the changes in net assets available for plan benefits for the year ended December 31, 2007 in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2007 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan s management. The supplemental schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Anton Collins Mitchell LLP

Denver, Colorado

June 23, 2008

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**Financial Statements**

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Cimarex Energy Co.

401(k) Plan

## Statements of Net Assets Available for Plan Benefits

December 31,	2007	2006
<b>Assets:</b>		
Investments, at fair value (Notes 2, 3, 5 and 6):		
Common/collective trust	\$ 6,908,709	\$ 5,497,973
Registered investment companies	35,950,581	27,832,971
Cimarex Energy Co. Common Stock Fund	11,618,549	9,809,425
Participant loans	462,087	495,701
Total investments	54,939,926	43,636,070
<b>Contributions receivable:</b>		
Employer profit sharing, net of forfeitures (Note 1)	1,657,351	
Total contributions receivable	1,657,351	
<b>Net assets available for plan benefits at fair value</b>	<b>56,597,277</b>	<b>43,636,070</b>
Adjustment from fair value to contract value for interest in common/collective trust relating to fully benefit-responsive investment contracts	(52,274)	52,905
<b>Net assets available for plan benefits</b>	<b>\$ 56,545,003</b>	<b>\$ 43,688,975</b>

*The accompanying notes are an integral part of these financial statements.*

Cimarex Energy Co.

401(k) Plan

## Statement of Changes in Net Assets Available for Plan Benefits

For the Year Ended December 31,	2007
<b>Additions to net assets attributed to:</b>	
Contributions:	
Participant contributions	\$ 5,206,522
Employer match contributions, net of forfeitures (Note 1)	3,221,647
Employer profit sharing contributions, net of forfeitures (Note 1)	1,657,351
Participant rollover contributions	454,390
Investment Income (Note 2):	
Net appreciation in fair value of investments (Note 3)	2,223,915
Interest and dividend income	2,224,896
Interest income on participant loans	35,382
Total additions	15,024,103
<b>Deductions from net assets attributed to:</b>	
Benefits paid to participants	2,166,900
Loan administrative expenses paid by participant	1,175
Total deductions	2,168,075
<b>Net increase</b>	<b>12,856,028</b>
<b>Net assets available for plan benefits, beginning of year</b>	<b>43,688,975</b>
<b>Net assets available for plan benefits, end of year</b>	<b>\$ 56,545,003</b>

*The accompanying notes are an integral part of these financial statements.*



**Cimarex Energy Co.**

**401(k) Plan**

**Notes to Financial Statements**

## **1. Plan Description**

The following is a brief description of the Cimarex Energy Co. 401(k) Plan (the *Plan*) and is provided for general information only. Participants should refer to the plan document or summary plan description for a more complete description of the *Plan*'s provisions.

The *Plan* was established effective October 1, 2002 by Cimarex Energy Co. (the *Company* or *Cimarex*). The *Plan* was established to provide incentives and security for the employees of the *Company* and their beneficiaries. In addition to Cimarex employees, the *Plan* provides for participation by employees of all Cimarex subsidiaries and certain predecessor employers. The *Plan* is intended to be a defined contribution plan with profit sharing provisions.

### ***General***

The *Plan* is a defined contribution plan covering employees of Cimarex and its participating subsidiaries. The *Plan* is subject to the provisions of the Employee Retirement Income Security Act of 1974 ( *ERISA* ). The *Plan* is not covered by the Pension Benefit Guaranty Corporation.

### ***Trustee and Administrator of the Plan***

The trustee of the *Plan* is Vanguard Fiduciary Trust Company ( *Vanguard* ). The trustee holds all assets of the *Plan* in accordance with provisions of the agreement with the *Company*. All assets of the *Plan* are held in trust by Vanguard. Vanguard is also the record keeper of the *Plan*.

Cimarex Energy Co.

401(k) Plan

Notes to Financial Statements

## 1. Plan Description (Continued)

### *Eligibility*

All non-excludable employees of the Company who have obtained the age of 18 and who have completed three months of service in which they were credited with at least 250 hours of service or who have completed one year of service are eligible to participate in the Plan. Excludable employees include leased employees, members of a collective bargaining unit, commissioned salespersons, independent contractors and non-resident aliens. Employees may enter the Plan on the first day of each calendar month after meeting plan requirements. A participant may modify his/her deferral election the first pay period of each month if desired.

### *Contributions*

A participant may enter into a salary reduction agreement with the Company whereby the amount withheld is contributed to the Plan during the plan year on behalf of each participant (as an employee's elective 401(k) deferred salary contribution). In no event shall the portion of earnings to be deferred be less than 1% of the participant's earnings nor more than 100% of the participant's pre-tax annual compensation, as defined in the Plan document, subject to annual Internal Revenue Code (IRC) dollar limits (\$15,500 for 2007). The Plan also allows catch-up contributions for participants over the age of 50 based on IRC limitations (\$5,000 for 2007.)

The Company may make a matching contribution to the Plan during the plan year, on behalf of each participant, equal to 100% of the contributions made by the participant pursuant to the written salary reduction agreement between the participant and the Company. In no event, shall the Company's matching contribution, on behalf of a participant, exceed the match percentage approved by the Company's Board of Directors (5% of each participant's eligible compensation, as defined in the Plan document for 2007). The matching contribution is also subject to the IRC annual compensation limit (\$225,000 for 2007). Catch-up contributions are not matched by the Company.

Cimarex Energy Co.

401(k) Plan

Notes to Financial Statements

## 1. Plan Description (Continued)

### Contributions (Continued)

The Plan also allows for a profit-sharing contribution by the employer. The Company made a profit sharing contribution of \$1,657,351 for the year ended December 31, 2007, which is net of forfeitures applied. The Company contributed 3% of eligible compensation, as defined in the Plan document, for all eligible employees. Employees are eligible to receive the profit-sharing contribution if they meet the Plan entry requirements, are employed on the last day of the Plan year and have a minimum of 500 hours service in the Plan year. For employees who terminated employment due to death, disability or had attained age 62, the last day of year and 500 hour service requirements do not apply. The contribution was funded February 29, 2008 and May 9, 2008.

Employees can make rollover contributions from other qualified plans if certain criteria are met as outlined in the Plan document.

The contributions (participant and Company) for the plan year are subject to certain limitations imposed by the IRC and the Plan's terms.

### *Participant Accounts*

Each participant's account is credited with the participant's contributions, the Company's matching contributions, profit sharing contributions, earnings and losses on investments, and is charged with the participant's withdrawals and distributions on a daily basis. The investment earnings or losses are allocated to each participant's account in the proportion that the balance of each participant's account bears to the total balance of all participants in each investment fund. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account. Participants may elect to transfer balances between investment funds within their account at any time.

Cimarex Energy Co.

401(k) Plan

Notes to Financial Statements

## 1. Plan Description (Continued)

### *Investment Options*

Participants may direct the investment of their account balance into various investment options offered by the Plan. Currently, the Plan offers various investment options in registered investment companies, a common/collective trust and a Cimarex common stock fund. Participants may change their investment directions at any time, subject to such restrictions and procedures as are established by the record keeper, the Plan and Cimarex. Employee-participants should not trade Company stock during designated quiet periods, or while in possession of material, undisclosed information about Cimarex.

### *Participant Loans*

An employee may borrow the lesser of \$50,000 or one-half of their vested account balance. Participants may not have more than one loan outstanding at any time and the minimum original loan amount is \$1,000. Participants may not apply for another loan within 6 months of the date on which the previous loan was paid in full. The maximum loan term is five years, except for a loan to acquire a participant's principal residence which may have a term of ten years. A participant's loan shall become due and payable if such participant fails to make a principal and/or interest payment as provided in the loan agreement, subject to a short grace period. The loans are secured by the balance in the participant's account, and bear interest at a rate of 1% above prime rate. Interest rates for the loans range from 5.5% to 9.25%, as of December 31, 2007. Principal and interest are paid ratably through payroll deductions.

Cimarex Energy Co.

401(k) Plan

Notes to Financial Statements

**1. Plan Description (Continued)**

*Vesting*

A participant is always 100% vested in that portion of his/her account attributable to 401(k) deferred salary contributions, catch-up contributions and rollover contributions. Vesting for that portion of the participant's account attributable to employer contributions is based on years of credited service as defined by the Plan adoption agreement, in accordance with the following schedule:

Completed years of credited service with the Employer	Vested Percentage
1	25%
2	50%
3	75%
4 or more	100%

For those hired on or after January 1, 2006, a year of service is computed based on employment date anniversaries. Participants are credited with prior years of service earned with Key Production Company, Inc. ( Key ) or Helmerich & Payne, Inc. ( H&P ). Participants also become fully vested in their accounts upon reaching normal retirement age (62), death or disability. Certain employees of Key, H&P, Magnum Hunter Resources, Inc., and Gruy Petroleum Management, Inc., who became employees of Cimarex are subject to special vesting provisions as described in the Plan document.

Cimarex Energy Co.

401(k) Plan

Notes to Financial Statements

## 1. Plan Description (Continued)

### *Forfeitures*

At December 31, 2007 and 2006, amounts held in the forfeiture account totaled \$209,787 and \$82,983, respectively. These amounts can be used to reduce future employer contributions. For the year ended 2007, forfeitures were utilized to fund employer matching contributions in the amount of \$7,883. The Company utilized \$200,000 of the remaining forfeitures as of December 31, 2007 to offset the 2007 employer profit sharing contributions, which were funded in 2008. Remaining unused forfeiture amounts have not been allocated to participant accounts.

### *Plan Expenses*

Administrative expenses are paid by the Company. Loan origination and annual fees are paid by Plan participants. During the year ended December 31, 2007 annual loan fees of \$1,175 were paid by participants.

### *Plan Termination*

Although it has not expressed any intent to do so, the Company has the right under the Plan to terminate the Plan, subject to the provisions of ERISA. In the event the Plan is terminated all participant accounts would immediately become fully vested, and the assets would be distributed among the participants in accordance with the terms set forth in the Plan.

### *Payment of Benefits*

Upon termination of service, death, disability or attainment of the normal retirement age of 62, a participant may elect to receive lump sum distributions equal to the vested value of the participant's account, or transfer the vested balance to another qualified retirement plan or individual retirement account. Immediate lump-sum distributions are to be made to terminated participants if the participant's vested account balance, net of rollover contributions, is \$1,000 or less. Participants may request to receive Company stock held in their account as an in-kind distribution.

Participants may also take certain voluntary in-service withdrawals and hardship withdrawals if certain criteria are met.