

Cimarex Energy Co. (NYSE: XEC) is an independent oil and gas exploration and production company with operations mainly located in Texas, Oklahoma, New Mexico and Kansas. Our strategy centers on drill-bit driven growth. We maximize our cash flow from producing properties which is then reinvested in exploratory and development drilling. Acquisitions may be made from time to time, but our principal strategy is investing through the drill-bit.

A cornerstone to our approach is detailed evaluation and post drilling analysis of each drilling decision based on its estimated risk-adjusted discounted cash flow rate of return on investment. Our analysis includes estimates and assessments of potential reserve size, geologic and mechanical risks, expected costs and prices, and future production profiles.

2011 SUMMARY

During 2011 we accomplished the following:

- *Net income of \$530 million, or \$6.15 (diluted) per share;*
- *Cash flow from operating activities of \$1.3 billion;*
- *Increased proved reserves 9 percent to 2.05 Tcfe; adjusted for property sales, proved reserves increased 23 percent;*
- *Added 587 Bcfe of proved reserves from extensions and discoveries replacing 272 percent of production;*
- *Sold \$229 million of non-strategic assets and reinvested proceeds in core area exploration and development activities;*
- *Evaluated, de-risked and expanded our acreage position in several key long-term future drilling projects;*
- *Grew Permian and Mid-Continent production 16 percent to an all-time high of 487 MMcfe/d; overall production of 592 MMcfe/d was about flat with 2010 production; and*
- *Exited the year with a debt to total capitalization ratio of 11 percent, down from 12 percent at year-end 2010.*

ABBREVIATIONS

- 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

This is Cimarex's tenth annual report. Over the years we've had to adapt to changing market conditions without losing our guiding principal of after-tax rate of return evaluation of our drilling decisions. We've grown from producing 130 MMcfe per day and 400 Bcfe of proved reserves to producing over 592 MMcfe per day and over 2 Tcfe of proved reserves. With our drilling focus we've added 2.4 Tcfe of proved reserves from the drill-bit since 2002.

CUMULATIVE EXTENSIONS AND DISCOVERIES

