

CIMAREX ENERGY CO  
Form S-4  
February 25, 2005

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As filed with the Securities and Exchange Commission on February 25, 2005

Registration No. 333-

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM S-4**

REGISTRATION STATEMENT  
UNDER  
THE SECURITIES ACT OF 1933

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**CIMAREX ENERGY CO.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**1311**  
(Primary Standard Industrial  
Classification Code Number)

**45-0466694**  
(I.R.S. Employer  
Identification Number)

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**1700 Lincoln Street, Suite 1800  
Denver, Colorado 80203-4518  
(303) 295-3995**

(Address, including zip code, and telephone number,  
including area code, of registrant's principal executive offices)

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**Paul Korus  
Cimarex Energy Co.  
1700 Lincoln Street, Suite 1800  
Denver, Colorado 80203-4518  
(303) 295-3995**

(Name, address, including zip code, and telephone number,  
including area code, of agent for service)

*Copies to:*

**Thomas A. Richardson  
J. Gregory Holloway  
Jennifer A. D'Alessandro  
Holme Roberts & Owen LLP  
1700 Lincoln Street, Suite 4100  
Denver, Colorado 80203  
(303) 861-7000**

**Joe Dannenmaier  
Wesley P. Williams  
Thompson & Knight L.L.P.  
1700 Pacific Avenue, Suite 3300  
Dallas, Texas 75201  
(214) 969-1700**

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective and upon consummation of the merger described in the enclosed proxy statement/prospectus. If any of the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box:

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

### CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered(1)	Amount to be Registered(2)	Proposed Maximum Offering Price Per Share	Proposed Maximum Aggregate Offering Price(3)	Amount of Registration Fee
Common Stock, \$0.01 par value	36,330,639 shares	Not Applicable	\$1,356,051,324.38	\$159,607.24

- (1) Each share of common stock registered hereunder includes an associated preferred stock purchase right. Until the occurrence of certain prescribed events, none of which has occurred, the preferred stock purchase rights are not exercisable, are evidenced by certificates representing the common stock, and may be transferred only with the common stock. No separate consideration is payable for the preferred stock purchase rights, and no additional registration fee is payable with respect to such preferred stock purchase rights.
- (2) Represents the maximum number of shares of the registrant's common stock that the registrant may be required to issue to holders of Magnum Hunter Resources, Inc. common stock (excluding shares held by a subsidiary of Magnum Hunter) and Series A preferred stock in the merger, calculated as (i) the product of (a) 87,543,662, which is the estimated maximum number of shares of Magnum Hunter common stock (excluding shares held by a subsidiary of Magnum Hunter) that may be canceled in the merger, multiplied by (b) the exchange ratio of 0.415 of a share of registrant common stock for each share of Magnum Hunter common stock, plus (ii) 20 shares of the registrant's common stock that the registrant may be required to issue to holders of Magnum Hunter Series A preferred stock in the merger.
- (3) Estimated solely for the purposes of calculating the registration fee required by Section 6(b) of the Securities Act of 1933, as amended, and calculated pursuant to Rule 457(f) under the Securities Act. Pursuant to Rule 457(f)(1) under the Securities Act, the proposed maximum aggregate offering price of the registrant's common stock was calculated based upon (a) the market value of shares of Magnum Hunter common stock to be exchanged in the merger, determined in accordance with Rule 457(c), as the product of (i) \$15.49, the average of the high and low prices per share of Magnum Hunter common stock outstanding as of February 17, 2005, as reported on the New York Stock Exchange, and (ii) 87,543,662, the estimated maximum number of shares of Magnum Hunter common stock that may be canceled in the merger (excluding shares held by a subsidiary of Magnum Hunter).

**The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

**The information in this joint proxy statement/prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This joint proxy statement/prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION, DATED FEBRUARY 25, 2005**

**MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT**

Cimarex Energy Co., referred to as Cimarex, its wholly owned subsidiary, Cimarex Nevada Acquisition Co., referred to as Merger Sub, and Magnum Hunter Resources, Inc., referred to as Magnum Hunter, have entered into an Agreement and Plan of Merger dated as of January 25, 2005, as amended by Amendment No. 1 dated as of February 18, 2005, referred to as the merger agreement. Under the merger agreement, Cimarex will acquire Magnum Hunter through a merger of Merger Sub with and into Magnum Hunter, referred to as the merger. Following the merger, Magnum Hunter will be the surviving corporation and will continue as a wholly owned subsidiary of Cimarex. The merger agreement is attached as *Annex A* to this joint proxy statement/prospectus and is incorporated into this joint proxy statement/prospectus by reference.

This joint proxy statement/prospectus describes the merger agreement, the merger and the transactions related to the merger in detail and provides information concerning the special meeting of Cimarex stockholders and the special meeting of Magnum Hunter stockholders. Before we can complete the merger, we must obtain the approval of our common stockholders. We are sending you this joint proxy statement/prospectus to ask holders of Cimarex common stock to vote in favor of the approval of the issuance of shares of Cimarex common stock in connection with the merger and holders of Magnum Hunter common stock to vote in favor of the approval of the merger agreement.

At the effective time of the merger, each issued and outstanding share of Magnum Hunter common stock will be canceled and converted into the right to receive 0.415 of a share of Cimarex common stock, and all of the issued and outstanding shares of Magnum Hunter Series A preferred stock will be canceled and converted into the right to receive, in the aggregate, 20 shares of Cimarex common stock, each as described under "The Merger Merger Consideration" in this joint proxy statement/prospectus.

The board of directors of Cimarex, by unanimous vote of the directors present:

has determined that the merger agreement and the transactions contemplated thereby, including the merger, are fair to, and in the best interests of, Cimarex and its stockholders;

has approved and adopted the merger agreement and approved the merger and the other transactions contemplated thereby; and

recommends that the stockholders of Cimarex vote "FOR" approval of the issuance of shares of Cimarex common stock in connection with the merger.

The issuance of shares of Cimarex common stock in the merger requires the affirmative vote of a majority of the votes cast in person or by proxy and entitled to vote at the Cimarex special meeting.

Cimarex also is proposing to amend its amended and restated certificate of incorporation to increase the number of authorized shares of common stock and the maximum number of board seats. Approval of each of these proposals requires the affirmative vote of a majority of the outstanding shares of Cimarex common stock as of the record date for the meeting. Finally, Cimarex is proposing to amend its Amended and Restated 2002 Stock Incentive Plan. Approval of this proposal requires the affirmative vote of a majority of the votes cast in person or by proxy and entitled to vote at the Cimarex special meeting. The merger is not conditioned on approval of any of these additional proposals.

The board of directors of Magnum Hunter unanimously:

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has determined that the merger agreement and the transactions contemplated thereby, including the merger, are fair to, and in the best interests of, Magnum Hunter and its stockholders;

has approved and adopted the merger agreement and approved the merger and the other transactions contemplated thereby; and

recommends that the stockholders of Magnum Hunter vote "FOR" approval of the merger agreement and the merger.

The approval of the merger agreement and the merger by Magnum Hunter stockholders requires the affirmative vote of the holders of at least a majority of the shares of Magnum Hunter common stock issued and outstanding and entitled to vote at the Magnum Hunter special meeting.

Cimarex stockholders will vote at the Cimarex special meeting at \_\_\_\_\_, at \_\_\_\_\_ p.m. local time on \_\_\_\_\_, 2005. Magnum Hunter stockholders will vote at the Magnum Hunter special meeting at \_\_\_\_\_ at \_\_\_\_\_ a.m. local time on \_\_\_\_\_, 2005.

Cimarex common stock is listed for trading on the New York Stock Exchange under the symbol "XEC." Magnum Hunter common stock is listed for trading on the New York Stock Exchange under the symbol "MHR."

**Before casting your vote, please take the time to review carefully this joint proxy statement/prospectus, including the section entitled "Risk Factors" beginning on page 29.**

Your vote is very important regardless of the number of shares you hold. We enthusiastically support this combination of our companies and join with our boards of directors in recommending that you vote "FOR" the approval of the issuance of shares of Cimarex common stock in connection with the merger, in the case of Cimarex stockholders, and "FOR" the approval of the merger agreement and the merger, in the case of Magnum Hunter stockholders.

Sincerely,

F.H. Merelli  
Chairman of the Board, Chief Executive Officer  
and President of Cimarex Energy Co.

Gary C. Evans  
President and Chief Executive Officer  
of Magnum Hunter Resources, Inc.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities offered by this joint proxy statement/prospectus or passed on the adequacy or accuracy of the disclosure in this joint proxy statement/prospectus. Any representation to the contrary is a criminal offense.**

This joint proxy statement/prospectus is dated on \_\_\_\_\_, 2005, and is first being mailed to Cimarex stockholders on or about \_\_\_\_\_, 2005 and to Magnum Hunter stockholders on or about \_\_\_\_\_, 2005.

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**Cimarex Energy Co.**

1700 Lincoln Street, Suite 1800  
Denver, Colorado 80203-4518

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON \_\_\_\_\_, 2005**

To the Stockholders of Cimarex Energy Co.:

A special meeting of stockholders of Cimarex Energy Co., referred to as Cimarex, will be held on \_\_\_\_\_, 2005, at \_\_\_\_\_ p.m., Mountain Time, at \_\_\_\_\_, for the following purposes:

1. To consider and vote on a proposal to approve the issuance of shares of Cimarex common stock in connection with the merger of Cimarex Nevada Acquisition Co., referred to as Merger Sub, a wholly owned subsidiary of Cimarex, with and into Magnum Hunter Resources, Inc., a Nevada corporation, referred to as Magnum Hunter.
2. To consider and vote upon a proposal to amend Cimarex's amended and restated certificate of incorporation to increase the number of authorized shares of common stock from 100 million shares to 200 million shares.
3. To consider and vote upon a proposal to amend Cimarex's amended and restated certificate of incorporation to increase the maximum size of the board of directors from nine to ten directors.
4. To consider and vote upon a proposal to amend Cimarex's Amended and Restated 2002 Stock Incentive Plan to increase the number of shares authorized for issuance under the plan from seven million shares to 12.7 million shares and make certain other changes.
5. To transact any other business that may be properly brought before the special meeting or any adjournments or postponements thereof.

A copy of the merger agreement is attached as *Annex A* to the joint proxy statement/prospectus accompanying this notice.

**The board of directors of Cimarex, by unanimous vote of the directors present:**

- (i) **has determined that the merger agreement and the transactions contemplated thereby, including the merger, are fair to, and in the best interests of, Cimarex and its stockholders;**
- (ii) **has approved and adopted the merger agreement and approved the merger and the other transactions contemplated thereby; and**
- (iii) **recommends that the stockholders of Cimarex vote "FOR" approval of the issuance of shares of Cimarex common stock in connection with the merger.**

Before its special meeting, Cimarex plans to ask its board of directors to approve and recommend that the stockholders of Cimarex vote "FOR" approval of each of the proposed amendments to the amended and restated certificate of incorporation and "FOR" approval of the proposed amendment to the Amended and Restated 2002 Stock Incentive Plan.

Only stockholders of record at the close of business on \_\_\_\_\_, 2005 are entitled to notice of and to vote at the special meeting. All stockholders are invited to attend the special meeting in

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person. To ensure your representation at the special meeting, you are urged to vote in one of the following ways:

- (1) by completing, signing and dating the accompanying proxy card and returning it in the enclosed postage-prepaid envelope,
- (2) by completing your proxy using the toll free number listed on the proxy card, or
- (3) by completing your proxy on the Internet at the address listed on your proxy card.

You may revoke your proxy in the manner described in the accompanying joint proxy statement/prospectus at any time before it has been voted. Any stockholder attending the special meeting may vote in person even if he, she or it has returned a proxy.

**IMPORTANT: WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, WE ASK YOU TO COMPLETE AND PROMPTLY RETURN THE ENCLOSED PROXY CARD IN THE ENVELOPE PROVIDED OR TO VOTE BY TELEPHONE OR ON THE INTERNET USING THE INSTRUCTIONS ON THE PROXY CARD.**

By order of the Board of Directors,

Mary K. Rohrer  
*Assistant Corporate Secretary*

Date: \_\_\_\_\_, 2005

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## Magnum Hunter Resources, Inc.

600 East Las Colinas Boulevard  
Suite 1100  
Irving, Texas 75039

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### NOTICE OF SPECIAL MEETING OF STOCKHOLDERS TO BE HELD ON \_\_\_\_\_, 2005

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Dear Stockholder:

A special meeting of stockholders of Magnum Hunter Resources, Inc., referred to as Magnum Hunter, on \_\_\_\_\_, 2005, at \_\_\_\_\_ a.m., Central Time, at \_\_\_\_\_, for the following purposes:

1. To consider and vote on a proposal to approve the Agreement and Plan of Merger, dated as of January 25, 2005, as amended by Amendment No. 1, dated as of February 18, 2005, by and among Magnum Hunter, Cimarex Energy Co., a Delaware corporation, referred to as Cimarex, and Cimarex Nevada Acquisition Co., referred to as Merger Sub, a wholly owned subsidiary of Cimarex, and the merger contemplated thereby, in which Merger Sub will merge with and into Magnum Hunter.
2. To transact any other business that may be properly brought before the special meeting or any adjournments or postponements thereof.

A copy of the merger agreement is attached as *Annex A* to the joint proxy statement/prospectus accompanying this notice.

**The board of directors of Magnum Hunter unanimously:**

- (i) **has determined that the merger agreement and the transactions contemplated thereby, including the merger, are fair to, and in the best interests of, Magnum Hunter and its stockholders;**
- (ii) **has approved and adopted the merger agreement and approved the merger and the other transactions contemplated thereby; and**
- (iii) **recommends that the stockholders of Magnum Hunter vote "FOR" approval of the merger agreement and the merger.**

The board of directors has fixed \_\_\_\_\_, 2005, as the record date for the determination of stockholders entitled to notice of, and to vote at, the special meeting and any adjournment or postponement thereof. Only stockholders of record at the close of business on \_\_\_\_\_, 2005 are entitled to notice of and to vote at the special meeting. A complete list of stockholders entitled to vote at the special meeting will be maintained in Magnum Hunter's offices at 600 East Las Colinas Boulevard, Suite 1100, Irving, Texas 75039, for ten days before the special meeting. The enclosed proxy is solicited by the board of directors of Magnum Hunter. All stockholders are invited to attend the special meeting in person. To ensure your representation at the special meeting, you are urged to vote in one of the following ways:

- (1) by completing, signing and dating the accompanying proxy card and returning it in the enclosed postage-prepaid envelope,
  - (2) by completing your proxy using the toll free number listed on the proxy card, or
  - (3) by completing your proxy on the Internet at the address listed on your proxy card.
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You may revoke your proxy in the manner described in the accompanying joint proxy statement/prospectus at any time before it has been voted. Any stockholder attending the special meeting may vote in person even if he, she or it has returned a proxy.

**IMPORTANT: WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, WE ASK YOU TO COMPLETE AND PROMPTLY RETURN THE ENCLOSED PROXY CARD IN THE ENVELOPE PROVIDED OR TO VOTE BY TELEPHONE OR ON THE INTERNET USING THE INSTRUCTIONS ON THE PROXY CARD.**

By Order of the Board of Directors

Gary C. Evans

*President and Chief Executive Officer*

Irving, Texas  
, 2005

**Please do not send your stock certificates at this time. If the merger is completed, you will be sent written instructions for exchanging your stock certificates.**

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**ADDITIONAL INFORMATION**

This joint proxy statement/prospectus incorporates by reference important business and financial information about Cimarex and Magnum Hunter that is not included in or delivered with this document. Such information is included in Cimarex's and Magnum Hunter's documents filed with the Securities and Exchange Commission, referred to as the SEC, which are available without charge from the SEC's website at [www.sec.gov](http://www.sec.gov). See "Where You Can Find More Information" on page 184.

Copies of the documents relating to Cimarex may also be obtained without charge from Cimarex on the Internet at [www.cimarex.com](http://www.cimarex.com), under the "Investor Relations" section, or by contacting Cimarex, Attn: Mary Kay Rohrer, Assistant Corporate Secretary, 1700 Lincoln Street, Suite 1800, Denver, Colorado 80203-4518, telephone (303) 295-3995. Information contained on Cimarex's website does not constitute part of this joint proxy statement/prospectus. Cimarex includes its website address in this joint proxy statement/prospectus only as an inactive textual reference and does not intend it to be an active link to Cimarex's website. Reports and other information concerning Cimarex can also be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

Copies of the documents relating to Magnum Hunter may be obtained without charge from Magnum Hunter on the internet at Magnum Hunter's website at <http://www.magnumhunter.com>, or by contacting Magnum Hunter, Attn: Morgan F. Johnston, Corporate Secretary, 600 East Las Colinas Blvd., Suite 1100, Irving, Texas 75039, telephone (972) 401-0752. Information contained on Magnum Hunter's website does not constitute part of this joint proxy statement/prospectus. Magnum Hunter includes its website address in this joint proxy statement/prospectus only as an inactive textual reference and does not intend it to be an active link to Magnum Hunter's website. Reports and other information concerning Magnum Hunter can also be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

**If you wish to obtain any of these documents from Cimarex or Magnum Hunter, you should, to ensure timely delivery, make your request no later than \_\_\_\_\_, 2005.**

All information in this document concerning Cimarex has been furnished by Cimarex. All information in this document concerning Magnum Hunter has been furnished by Magnum Hunter. Cimarex has represented to Magnum Hunter, and Magnum Hunter has represented to Cimarex, that the information furnished by and concerning it is true and complete.

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**QUESTIONS AND ANSWERS ABOUT THE MERGER**

**General**

**Q: Why are Cimarex and Magnum Hunter proposing the merger?**

**A:** Cimarex believes that the merger will provide it with:

the opportunity to expand in its existing core areas and to add new projects, without jeopardizing its strong financial position;

a substantial footprint in the Permian Basin from which Cimarex can grow;

complementary operations in the Mid-Continent and Gulf Coast areas;

measured exposure to high potential projects in the Gulf of Mexico; and

the ability to greatly expand its balanced-risk drilling program underpinned by a strong balance sheet.

Magnum Hunter believes that the merger will provide its stockholders with:

a premium over the trading price of Magnum Hunter common stock at the time the transaction was announced; and

the opportunity to participate in a combined enterprise with a highly skilled employee group, enhanced financial strength, and growth opportunities to further build stockholder value.

Please review the more detailed description of our reasons for the merger beginning on page 59.

**Q: What will happen if the merger is completed?**

**A:** Cimarex will acquire Magnum Hunter through the merger of Merger Sub, a wholly owned subsidiary of Cimarex, with and into Magnum Hunter. Magnum Hunter will be the surviving corporation in the merger and, after the merger, Magnum Hunter will continue as a wholly owned subsidiary of Cimarex.

**Q: When will the merger be completed?**

**A:** The merger will be completed when the conditions described below under "The Merger Agreement Conditions to the Closing of the Merger" are satisfied (or, where permitted, waived). Fulfilling some of these conditions, such as required regulatory approvals, is not entirely within our control. Cimarex and Magnum Hunter believe that they can complete the merger during the second quarter of 2005. There can be no guarantee, however, as to when all conditions to the merger will be satisfied (or, where permitted, waived) and when, if at all, the closing of the merger will take place. See "Risk Factors Risks Relating to the Merger" beginning on page 29.

**Q: What do I need to do now?**

**A:**

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After carefully reading and considering the information contained in this document, please fill out and sign your proxy card, or vote by mail, telephone or on the Internet according to the instructions provided on the proxy card. Please mail your signed proxy card in the enclosed return envelope, or vote by phone or on the Internet, as soon as possible so that your shares may be represented at the applicable special meeting. Your proxy will instruct the persons named on the proxy card to vote your shares at the applicable special meeting as you direct on the card.

**Q:**

**May I change my vote after I have mailed my signed proxy?**

**A:**

Yes. You may change your vote at any time before your proxy is voted at the applicable special meeting. You can do this in several ways. First, you can send a written notice stating that you would

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like to revoke your proxy. Second, you can complete and submit a new proxy card. Third, if you choose to vote by telephone or on the Internet, you may change your vote by telephone or on the Internet by following the instructions given to you when you call or visit the Internet site. Fourth, you can attend the special meeting and vote in person. If you have instructed a broker to vote your shares, you must follow directions received from your broker to change your vote. Further information about these procedures is contained in "The Cimarex Special Meeting" on page 45 and "The Magnum Hunter Special Meeting" on page 48.

**Q:**  
**Do I have dissenters' rights of appraisal?**

**A:**  
Neither Cimarex common stockholders nor Magnum Hunter common stockholders will have dissenters' rights of appraisal as a result of the merger.

Holders of Magnum Hunter's Series A preferred stock will have dissenters' rights of appraisal as a result of the merger. See "The Merger Dissenters' Rights of Appraisal" beginning on page .

**Q:**  
**Who will be the directors of the combined company?**

**A:**  
The board of directors of the combined company will consist of the nine current directors of Cimarex plus one current Magnum Hunter director to be selected by Cimarex before the effective time of the merger.

**Q:**  
**Where can I find more information about Cimarex and Magnum Hunter?**

**A:**  
You can find more information about Cimarex and Magnum Hunter from various sources described under "Where You Can Find More Information" on page 184.

### For Cimarex Stockholders

**Q:**  
**When and where is the special meeting of the Cimarex stockholders?**

**A:**  
The Cimarex special meeting will take place on , 2005 at p.m., local time. The location of the special meeting is .

**Q:**  
**What are Cimarex stockholders being asked to vote upon?**

**A:**  
Cimarex stockholders are voting on a proposal to approve the issuance of shares of Cimarex common stock to stockholders of Magnum Hunter in connection with the merger. This stockholder vote is required under the rules of the New York Stock Exchange, referred to as the NYSE, because the aggregate number of shares of Cimarex common stock to be issued to Magnum Hunter stockholders in the merger will exceed 20% of the total number of shares of Cimarex common stock issued and outstanding immediately before the completion of the merger. The approval of the issuance of Cimarex common stock in connection with the merger is a condition to the closing of the merger.

In addition, Cimarex stockholders are voting on two proposals to amend Cimarex's amended and restated certificate of incorporation, referred to as the Cimarex charter. The first proposal would increase the number of shares of common stock that Cimarex is authorized to issue from 100 million shares to 200 million shares. The second proposal would increase the maximum size of Cimarex's board of directors from nine to ten directors. Finally, Cimarex stockholders are voting on a proposal to increase the number of shares available for grants under the Cimarex Amended and Restated 2002 Stock Incentive Plan, referred to as the Cimarex incentive plan, from seven million shares to 12.7 million shares and make other changes to the Cimarex incentive plan as discussed in this joint proxy statement/prospectus. Approval of these amendments is not a condition to the closing of the merger, and the proposed amendment to the Cimarex incentive plan, if approved, will be effected





regardless of the outcome of the vote on the share issuance. Neither of the amendments to the Cimarex charter will be effected unless the merger takes place.

**Q:**  
**How will Cimarex stockholders be affected by the merger and share issuance?**

**A:**  
After the merger, each Cimarex stockholder will have the same number of shares of Cimarex common stock that the stockholder held immediately before the merger. However, because Cimarex will be issuing new shares of Cimarex common stock to Magnum Hunter stockholders in the merger, each outstanding share of Cimarex common stock immediately before the merger will represent a smaller percentage of the aggregate number of shares of Cimarex common stock outstanding after the merger. As a result of the merger, each Cimarex stockholder will own shares in a larger company with more assets.

**Q:**  
**What are the tax consequences of the merger?**

**A:**  
Cimarex and Magnum Hunter intend for the merger to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, referred to as the Code. Cimarex stockholders will not recognize gain or loss for U.S. federal income tax purposes in connection with the merger. For a summary of the U.S. federal income tax consequences of the merger that are expected to be material to Magnum Hunter stockholders, see "Material United States Federal Income Tax Consequences of the Merger" beginning on page 98.

**Q:**  
**What vote of Cimarex stockholders is required to approve the proposals at the Cimarex special meeting?**

**A:**  
Assuming a quorum is present at the Cimarex special meeting, the approval of the issuance of shares of Cimarex common stock in connection with the merger and the approval of the proposed amendment to the Cimarex incentive plan require the affirmative vote of a majority of the votes cast in person or by proxy and entitled to vote at the Cimarex special meeting.

Under applicable Delaware law, the approval of each proposed amendment to the Cimarex charter requires the affirmative vote of a majority of the issued and outstanding shares of Cimarex common stock as of the record date for the Cimarex special meeting.

**Q:**  
**Does Cimarex's board of directors support the merger?**

**A:**  
Yes. The Cimarex board of directors, by unanimous vote of the directors present at their meeting, has determined that the merger agreement and the transactions contemplated thereby, including the merger, are fair to, and in the best interests of, Cimarex and its stockholders; approved and adopted the merger agreement and approved the merger and the other transactions contemplated thereby; and recommended that the stockholders of Cimarex vote "FOR" approval of the issuance of shares of Cimarex common stock in the merger.

For a more detailed description of the background and reasons for the merger, see "The Merger - Cimarex's Reasons for the Merger and Share Issuance" beginning on page 59 and "The Merger - Magnum Hunter's Reasons for the Merger" beginning on page 60.

**Q:**  
**Does Cimarex's board of directors support the proposed amendments to the Cimarex charter and the Cimarex incentive plan?**

**A:**  
Before its special meeting, Cimarex plans to ask its board of directors to approve and recommend that the stockholders of Cimarex vote "FOR" approval of each of the proposed amendments to the Cimarex charter and "FOR" approval of the proposed amendment to the Cimarex incentive plan.



**Q: How do I vote my shares if they are held in the name of a bank, broker or other nominee?**

**A:** Your bank, broker or other nominee will vote your shares of Cimarex common stock with respect to the issuance of Cimarex common stock in the merger, the proposed amendments to the Cimarex charter or the proposed amendment to the Cimarex incentive plan only if you provide written instructions to them on how to vote, so it is important that you provide them with instructions. If you do not provide them with instructions, under the rules of the NYSE, they will not be authorized to vote with respect to the issuance of shares of Cimarex common stock in the merger or the other proposals to be presented at the Cimarex special meeting. If you wish to vote in person at the special meeting and hold your shares in the name of a bank, broker or other nominee, you must contact your bank, broker or other nominee and request an appropriate proxy. You must bring this proxy to the special meeting in order to vote in person.

If you are a participant in the Cimarex 401(k) plan and you have shares of Cimarex common stock allocated to your account, you may instruct the plan trustee on how to vote your shares. You will receive instructions from the trustee or the plan administrator on how to give instructions and the effect of not giving instructions.

**Q: What if I do not vote, or abstain from voting, my shares of Cimarex common stock?**

**A:** Neither an abstention nor a failure to vote will affect the outcome of the vote regarding the issuance of Cimarex common stock in connection with the merger or the proposal to amend the Cimarex incentive plan, since they will not be counted as votes either for or against the proposals.

Abstentions and failures to vote (including broker non-votes) with respect to either of the proposed amendments to the Cimarex charter will have the effect of a vote against that amendment.

If you sign your proxy card but do not indicate how you want to vote, your shares of Cimarex common stock will be voted "FOR" approval of the issuance of Cimarex common stock in the merger, "FOR" each proposed amendment to the Cimarex charter and "FOR" the proposed amendment to the Cimarex incentive plan.

**Q: Are there risks associated with the merger that I should consider in deciding how to vote?**

**A:** Yes. There are risks associated with all business combinations, including this merger. In particular, you should be aware that the exchange ratio determining the number of shares of Cimarex common stock that Cimarex will issue in return for shares of Magnum Hunter common stock in the merger is fixed and will not change as the market price of shares of Cimarex or Magnum Hunter common stock fluctuates in the period before the merger. Accordingly, the value of the shares of Cimarex common stock that Cimarex will issue in the merger in return for shares of Magnum Hunter common stock may be either less than or more than the current price of shares of Magnum Hunter common stock. There are also a number of other risks that are discussed in this joint proxy statement/prospectus. Please read with particular care the more detailed description of the risks associated with the merger and the combined company's operations following the merger under "Risk Factors" beginning on page 29.

**Q: Who should I contact if I have questions?**

**A:** If you have any questions about the merger agreement, the merger or the issuance of shares of Cimarex common stock in the merger, or if you need additional copies of this joint proxy statement/prospectus or the enclosed proxy card, you should contact Cimarex, Attn: Mary Kay Rohrer, Assistant Corporate Secretary, 1700 Lincoln Street, Suite 1800, Denver, Colorado 80203-4518, telephone (303) 295-3995. You may also call Cimarex's proxy solicitor, Georgeson Shareholder Communications, Inc. toll-free at (866) 288-2196.

**For Magnum Hunter Stockholders**

**Q: When and where is the special meeting of the Magnum Hunter stockholders?**

**A:** The Magnum Hunter special meeting will take place on \_\_\_\_\_, 2005, at \_\_\_\_\_ a.m., local time. The location of the special meeting is \_\_\_\_\_.

**Q: What are Magnum Hunter stockholders being asked to vote upon?**

**A:** Magnum Hunter stockholders are voting on a proposal to approve the merger agreement entered into among Cimarex, Merger Sub and Magnum Hunter, and the merger contemplated by the merger agreement. Approval of the merger agreement and the merger by the stockholders of Magnum Hunter is a condition to the closing of the merger.

**Q: What will Magnum Hunter common stockholders receive in the merger?**

**A:** At the effective time of the merger, each issued and outstanding share of common stock of Magnum Hunter will be canceled and converted into the right to receive 0.415 of a share of Cimarex common stock, as described under "The Merger Merger Consideration." The ratio of 0.415 of a share of Cimarex common stock for each share of Magnum Hunter common stock is referred to as the exchange ratio.

**Q: What will happen to options and warrants to purchase Magnum Hunter common stock in the merger?**

**A:** Magnum Hunter has agreed to use commercially reasonable efforts to obtain the consent of holders of all options to purchase Magnum Hunter common stock that require consent for cancellation of the options. Magnum Hunter also will cause all stock options that do not require consent for cancellation to be canceled as of the effective time of the merger. At the effective time of the merger, the holder of each canceled stock option will be entitled to receive a cash payment equal to the product of the total number of shares of Magnum Hunter common stock subject to the option (whether vested or unvested) times the excess, if any, of the closing price of Magnum Hunter common stock on the day before the closing date over the exercise price of the option, less applicable withholding taxes. Options with exercise prices higher than the closing price of Magnum Hunter common stock on that date will not be entitled to any cash payment.

If Magnum Hunter does not receive consent before the effective time to cancel any options that require consent for cancellation, those options will be assumed by Cimarex. Any assumed options will be converted into an option to purchase that number of shares of Cimarex common stock determined by multiplying the number of shares of Magnum Hunter common stock subject to that option at the effective time of the merger by the exchange ratio. The exercise price per share of each assumed option will be equal to the exercise price per share of the existing option divided by the exchange ratio. Each assumed option will remain subject to the same conditions that applied before the merger, except that upon closing of the merger, each option will be fully vested.

Magnum Hunter's outstanding warrants expire on March 21, 2005, which we expect will be before the closing of the merger. To the extent any warrants to purchase shares of Magnum Hunter common stock are outstanding at the closing of the merger, each of those warrants will be assumed by Cimarex at the effective time of the merger and converted into a warrant to purchase that number of shares of Cimarex common stock determined by multiplying the number of shares of Magnum Hunter common stock subject to the warrant at the effective time of the merger by the exchange ratio. The exercise price per share of each assumed warrant will be equal to the exercise price per share of the existing warrant divided by the exchange ratio. Each assumed warrant will remain subject to the same conditions that applied before the merger. Any assumed warrants will be listed for trading on the NYSE.

Promptly following the effective time of the merger, Cimarex will cause the shares of Cimarex common stock issuable upon exercise of any assumed options and warrants to be registered with the SEC and listed on the NYSE, and will use all reasonable efforts to maintain the effectiveness of that registration statement for so long as any assumed options and warrants remain outstanding.

**Q:**  
**What will happen to Magnum Hunter's preferred stock?**

**A:**  
Magnum Hunter currently has two series of preferred stock outstanding, the Series A preferred stock and the 1996 Series A convertible preferred stock. At the effective time of the merger, all of the issued and outstanding shares of Magnum Hunter's Series A preferred stock will be canceled and converted into the right to receive, in the aggregate, 20 shares of Cimarex common stock. Based upon the 80,000 shares of Series A preferred stock currently outstanding, holders of Magnum Hunter's Series A preferred stock would receive 0.00025 of a share of Cimarex common stock for each share of Series A preferred stock that they own. See "The Merger Merger Consideration" on page 92.

Before the effective time of the merger, Magnum Hunter will cause its wholly owned subsidiary that owns all of the issued and outstanding shares of Magnum Hunter's 1996 Series A convertible preferred stock to convert those shares into Magnum Hunter common stock, on the terms set forth in the certificate of designations for the 1996 Series A convertible preferred stock. The shares of Magnum Hunter common stock issued upon conversion of the 1996 Series A convertible preferred stock will then be canceled and exchanged in the merger for shares of Cimarex common stock in accordance with the exchange ratio.

**Q:**  
**What will happen to the notes issued under Magnum Hunter's indentures?**

**A:**  
Magnum Hunter currently has two series of notes outstanding, the 9.6% senior notes due 2012 and the floating rate convertible senior notes due 2023. The indentures under which each series of notes was issued permit the holders of the notes to sell their notes back to Magnum Hunter upon a change of control of Magnum Hunter, such as the merger, for a price equal to 101% of the principal amount of the 9.6% senior notes plus accrued interest, and 100% of the principal amount of the convertible senior notes plus accrued interest. At or before the effective time of the merger, Cimarex will execute a supplemental indenture with the trustee under the indenture covering the convertible senior notes, with respect to the conversion provisions. See "The Merger Agreement Treatment of Indenture Obligations and Notes" on page 144.

Upon the happening of certain events, the convertible senior notes are convertible into cash in the amount of the principal amount of the notes, plus shares of Magnum Hunter common stock to the extent the conversion value exceeds the principal amount. After the merger, the portion of the convertible senior notes that is convertible into stock will become convertible into shares of Cimarex common stock. Promptly following the effective time of the merger, Cimarex will cause the shares of Cimarex common stock issuable upon conversion of the convertible senior notes to be registered with the SEC, and will use all reasonable efforts to maintain the effectiveness of such registration statement for so long as any convertible senior notes remain outstanding.

**Q:**  
**What will happen to Magnum Hunter's credit facility?**

**A:**  
Cimarex intends to pay off Magnum Hunter's credit facility at the closing of the merger. Cimarex and its bank group are currently negotiating a new credit facility or an expansion of Cimarex's existing credit facility. See "The Merger Credit Facilities" on page 98.

**Q:** Will Magnum Hunter's shares of common stock continue to be traded on the New York Stock Exchange after the merger is completed?

**A:** No. If the merger is completed, Magnum Hunter's shares of common stock will no longer be listed for trading on the NYSE. However, the shares of Cimarex common stock that you receive in the merger will be listed on the NYSE.

**Q:** Will I be able to trade the Cimarex common stock that I receive in connection with the merger?

**A:** Yes. The shares of Cimarex common stock issued in connection with the merger will be freely tradable, unless you are an affiliate of Magnum Hunter. Generally, persons who are deemed to be affiliates of Magnum Hunter must comply with Rule 145 under the Securities Act of 1933 if they wish to sell or otherwise transfer any of the shares of Cimarex common stock they receive in connection with the merger. You will be notified if you are an affiliate of Magnum Hunter.

**Q:** What are the tax consequences of the merger?

**A:** Cimarex and Magnum Hunter intend for the merger to qualify as a reorganization within the meaning of Section 368(a) of the Code. As a result, Magnum Hunter stockholders who are U.S. holders (as defined in this joint proxy statement/prospectus) generally will not recognize gain or loss for U.S. federal income tax purposes in connection with the merger, except with respect to the amount of cash received instead of fractional shares of Cimarex common stock by U.S. holders of Magnum Hunter common stock and except with respect to any cash received by U.S. holders of Magnum Hunter Series A preferred stock that exercise appraisal rights. Magnum Hunter stockholders who are non-U.S. holders (as defined in this joint proxy statement/prospectus) may recognize gain or loss for U.S. federal income tax purposes in connection with the merger, depending on their individual circumstances. For a summary of the U.S. federal income tax consequences of the merger that are expected to be material to Magnum Hunter stockholders, see "Material United States Federal Income Tax Consequences of the Merger" beginning on page 98.

**Q:** What vote of Magnum Hunter stockholders will be required to approve the merger agreement and the merger?

**A:** The approval of the merger agreement and the merger requires the affirmative vote of the holders of at least a majority of shares of Magnum Hunter common stock issued and outstanding and entitled to vote at the Magnum Hunter special meeting. Magnum Hunter's President and Chief Executive Officer and a related stockholder, who together held an aggregate of approximately 5.2% of the issued and outstanding shares of Magnum Hunter common stock entitled to vote on the date the merger agreement was executed, have entered into a voting agreement with Cimarex under which each stockholder party has agreed, among other things, to vote his or its shares of Magnum Hunter common stock in favor of the approval of the merger agreement and the merger contemplated thereby. See "The Merger Agreement Voting Agreement" beginning on page 145.

**Q:** Does Magnum Hunter's board of directors support the merger?

**A:** Yes. The Magnum Hunter board of directors has unanimously: determined that the merger agreement and the transactions contemplated thereby, including the merger, are fair to, and in the best interests of, Magnum Hunter and its stockholders; approved and adopted the merger agreement and approved the merger and the other transactions contemplated thereby; and recommended that the stockholders of Magnum Hunter vote "FOR" approval of the merger agreement and the merger.

For a more detailed description of the background and reasons for the merger, see "The Merger Background of the Merger" beginning on page 52.

**Q:**  
**How do I vote my shares if they are held in the name of a bank, broker or other nominee?**

**A:**  
Your bank, broker or other nominee will vote your shares of Magnum Hunter common stock with respect to the merger agreement and the merger only if you provide written instructions to them on how to vote, so it is important that you provide them with instructions. If you do not provide them with instructions, under the rules of the New York Stock Exchange, they will not be authorized to vote with respect to the merger agreement. If you wish to vote in person at the special meeting and hold your shares in the name of a bank, broker or other nominee, you must contact your bank, broker or other nominee and request an appropriate proxy. You must bring this proxy to the special meeting in order to vote in person.

If you are a participant in the Magnum Hunter 401(k) employee stock ownership plan and you have shares of Magnum Hunter common stock allocated to your account, you may instruct the plan trustee on how to vote your shares. You will receive instructions from the trustee or the plan administrator on how to give instructions and the effect of not giving instructions.

**Q:**  
**What if I do not vote, or abstain from voting, my shares of Magnum Hunter common stock?**

**A:**  
If you do not vote, it will have the same effect as a vote against the merger agreement and the merger. Abstentions and broker non-votes will also have the effect of votes against the merger agreement and the merger.

If you sign your proxy card but do not indicate how you want to vote, your shares of Magnum Hunter common stock will be voted "FOR" approval of the merger agreement and the merger.

**Q:**  
**Should I send in my stock certificates now?**

**A:**  
No. If the merger is completed, you will be sent written instructions for exchanging your stock certificates. Please do not send in your stock certificates with your proxy.

**Q:**  
**Are there risks associated with the merger that I should consider in deciding how to vote?**

**A:**  
Yes. There are risks associated with all business combinations, including this merger. In particular, you should be aware that the exchange ratio determining the number of shares of Cimarex common stock that Magnum Hunter stockholders will receive is fixed and will not change as the market price of shares of Cimarex or Magnum Hunter common stock fluctuates in the period before the merger. Accordingly, the value of the shares of Cimarex common stock that you as a Magnum Hunter stockholder will receive in the merger in return for your shares of Magnum Hunter common stock may be either less than or more than the current price of the shares of Magnum Hunter common stock that you currently hold. There are also a number of other risks that are discussed in this joint proxy statement/prospectus. Please read with particular care the more detailed description of the risks associated with the merger and the combined company's operations following the merger under "Risk Factors" beginning on page 29.

**Q:**  
**Who should I contact if I have questions?**

**A:**  
If you have any questions about the merger agreement or the merger, or if you need additional copies of this joint proxy statement/prospectus or the enclosed proxy card, you should contact Magnum Hunter, Attn: Morgan F. Johnston, Corporate Secretary, 600 East Las Colinas Blvd., Suite 1100, Irving, Texas 75039, telephone (972) 401-0752. You may also call Magnum Hunter's proxy solicitor, Georgeson Shareholder Communications, Inc. toll-free at (866) 288-2196.



**CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS**

Cimarex and Magnum Hunter have made certain statements in this joint proxy statement/prospectus and in the documents referred to in this joint proxy statement/prospectus that may be deemed "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933, as amended, referred to as the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, referred to as the Exchange Act. All statements, other than statements of historical facts, that address activities, events, outcomes and other matters that Cimarex, Magnum Hunter or the combined company plans, expects, intends, assumes, believes, budgets, predicts, forecasts, projects, estimates or anticipates (and other similar expressions) will, should or may occur in the future are forward-looking statements. These forward-looking statements are based on the current belief of management of the companies, based on currently available information, as to the outcome and timing of future events. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements in this joint proxy statement/prospectus. Forward-looking statements occur, among other places, in the following sections of this document:

"Questions and Answers About the Merger";

"Summary Selected Historical Financial Data of Cimarex"; " Selected Historical Financial Data of Magnum Hunter"; and  
" Selected Unaudited Pro Forma Combined Financial Data";

"Comparative Per Share Information";

"Comparative Per Share Market Price and Dividend Information";

"Risk Factors";

"The Merger Background of the Merger"; " Cimarex's Reasons for the Merger and Share Issuance"; " Recommendation of the Cimarex Board of Directors"; " Magnum Hunter's Reasons for the Merger"; and " Recommendation of the Magnum Hunter Board of Directors";

"The Merger Opinion of Lehman Brothers Inc. to the Cimarex Board of Directors"; " Opinions of Magnum Hunter's Financial Advisors Deutsche Bank Securities Inc." and " Opinions of Magnum Hunter's Financial Advisors Merrill Lynch, Pierce, Fenner & Smith Incorporated";

"Unaudited Pro Forma Condensed Combined Financial Statements"; and

Statements contained elsewhere in this document concerning Cimarex's and Magnum Hunter's plans for the combined company's growth and future operations or financial position.

We caution you that these forward-looking statements are subject to all of the risks and uncertainties, many of which are beyond our control, incident to the exploration for and development, production and sale of oil and gas. These risks include, but are not limited to, commodity price volatility, inflation, lack of availability of goods and services, environmental risks, drilling and other operating risks, regulatory changes, the uncertainty inherent in estimating proved oil and natural gas reserves and in projecting future rates of production and timing of development expenditures and other risks described in this joint proxy statement/prospectus.

Reserve engineering is a subjective process of estimating underground accumulations of oil and natural gas that cannot be measured in an exact way. The accuracy of any reserve estimate depends on the quality of available data and the interpretation of the data by our engineers. As a result, estimates made by different engineers often vary from one another. In addition, the results of drilling, testing and production activities may justify revisions of estimates that were made previously. If significant, these revisions could change the schedule of any future production and development drilling. Accordingly,

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reserve estimates are generally different from the quantities of oil and natural gas that are ultimately recovered.

Should one or more of the risks or uncertainties described above or elsewhere in this joint proxy statement/prospectus occur, or should underlying assumptions prove incorrect, the actual future results and stockholder values of Cimarex, Magnum Hunter and the combined company may differ materially from those expressed in these forward-looking statements. Many of the factors that will determine these results and values are beyond Cimarex's and Magnum Hunter's ability to control or predict. Stockholders of Cimarex and Magnum Hunter are cautioned not to place undue reliance on any forward-looking statements. Forward-looking statements speak only as of the date of this joint proxy statement/prospectus.

You should understand that various factors, in addition to those discussed elsewhere in this joint proxy statement/prospectus and in the documents referred to in this joint proxy statement/prospectus, could affect the future results of the combined company following the merger and could cause results to differ materially from those expressed in the forward-looking statements, including:

the possibility that the companies may be unable to obtain stockholder or regulatory approvals required for the acquisition;

the possibility that problems may arise in successfully integrating the businesses of the two companies;

the possibility that the acquisition may involve unexpected costs;

the possibility that the combined company may be unable to achieve cost-cutting synergies;

the possibility that the businesses may suffer as a result of uncertainty surrounding the acquisition;

the possibility that the industry may be subject to future regulatory or legislative actions;

the volatility in commodity prices for oil and gas;

the presence or recoverability of estimated reserves;

the ability to replace reserves;

environmental risks;

drilling and operating risks;

exploration and development risks;

competition;

the ability of management to execute its plans to meet its goals; and

other risks that are described in SEC reports filed by Cimarex and Magnum Hunter.

We claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 for all forward-looking statements, express or implied, included in this joint proxy statement/prospectus and attributable to Cimarex or Magnum Hunter. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that

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Cimarex, Magnum Hunter, or persons acting on their respective behalf may issue. Except for their ongoing obligations to disclose material information as required by the federal securities laws, Cimarex and Magnum Hunter do not have any intention, and do not undertake any obligation, to update forward-looking statements after they distribute this joint proxy statement/prospectus, even if new information, future events or other circumstances have made them incorrect or misleading.

## SUMMARY

*This summary highlights selected information from this joint proxy statement/prospectus and does not contain all of the information that may be important to you. To understand the merger agreement and the merger fully and for a more complete description of the legal terms of the merger agreement, you should carefully read this entire document and the documents to which we refer you. See "Where You Can Find More Information" on page 184. We have included page references parenthetically to direct you to a more complete description of the topics summarized here.*

### **The Companies (page 41)**

Cimarex Energy Co.  
1700 Lincoln Street, Suite 1800  
Denver, Colorado 80203-4518  
(303) 295-3995  
Internet address: [www.cimarex.com](http://www.cimarex.com)

Cimarex is an independent oil and gas exploration and production company. Its principal areas of operations are located in Oklahoma, Texas, Kansas, and Louisiana. Cimarex also has active exploration and development programs underway in each of those states as well as in California, New Mexico and Mississippi. Cimarex's principal operations offices are at 15 East 5th Street, Suite 1000, Tulsa, Oklahoma 74103, telephone (918) 585-1100. Cimarex's common stock is listed on the New York Stock Exchange and trades under the symbol "XEC."

Magnum Hunter Resources, Inc.  
600 East Las Colinas Boulevard, Suite 1100  
Irving, Texas 75039  
(972) 401-0752  
Internet address: [www.magnumhunter.com](http://www.magnumhunter.com)

Magnum Hunter is an independent energy company engaged in the exploration, exploitation and development, acquisition and operation of oil and gas properties with a geographic focus in the Mid-Continent Region, Permian Basin Region, Gulf Coast Region and the Gulf of Mexico. Additionally, Magnum Hunter owns and operates five gas gathering systems covering over 480 miles and holds a 50% or greater ownership interest in four natural gas processing plants that are located adjacent to certain company-owned and operated producing properties within the states of Texas, Oklahoma and Arkansas. Magnum Hunter's common stock is listed on the New York Stock Exchange and trades under the symbol "MHR."

### **The Merger (page 52)**

#### ***Structure of the Merger (page 52)***

Under the terms of the proposed merger, Merger Sub will merge with and into Magnum Hunter, with Magnum Hunter continuing as the surviving corporation. As a result of the merger, Magnum Hunter will become a wholly owned subsidiary of Cimarex.

#### ***What Magnum Hunter Stockholders Will Receive in the Merger (page 92)***

In the merger, holders of shares of Magnum Hunter common stock will receive 0.415 of a share of Cimarex common stock for each share of Magnum Hunter common stock that they own immediately before the effective time of the merger. This ratio is referred to as the exchange ratio. Magnum Hunter common stockholders will receive cash for any fractional shares which they would otherwise receive in the merger.

In the merger, all of the issued and outstanding shares of Magnum Hunter's Series A preferred stock will be canceled and converted into the right to receive, in the aggregate, 20 shares of Cimarex common stock. Based upon the 80,000 shares of Series A preferred stock currently outstanding, holders of Magnum Hunter's Series A preferred stock would receive 0.00025 of a share of Cimarex common stock for each share of Series A preferred stock that they own immediately before the effective time of the merger. Magnum Hunter Series A preferred stockholders will receive fractional shares of Cimarex common stock to the extent necessary. However, Cimarex may offer Series A preferred stockholders the opportunity either to purchase an additional fraction of a share or to aggregate its fractional share with those of other Series A preferred stockholders to be sold. Cimarex may not force Series A preferred stockholders to receive cash in respect of their fractional shares.

***Treatment of Magnum Hunter Stock Options and Warrants (pages 143 and 144)***

Magnum Hunter has agreed to use commercially reasonable efforts to obtain the consent of holders of all options to purchase Magnum Hunter common stock that require consent for cancellation of the options. Magnum Hunter also will cause all stock options that do not require consent for cancellation to be canceled as of the effective time of the merger. At the effective time of the merger, the holder of each canceled stock option will be entitled to receive a cash payment equal to the product of the total number of shares of Magnum Hunter common stock subject to the option (whether vested or unvested), times the excess, if any, of the closing price of Magnum Hunter common stock on the day before the closing date over the exercise price of the option, less the amount of any required withholding taxes. Options with exercise prices higher than the closing price of Magnum Hunter common stock on that date will not be entitled to any cash payment.

Any options requiring consent for cancellation as to which Magnum Hunter does not receive consent before the effective time will be assumed by Cimarex, and converted into an option to purchase that number of shares of Cimarex common stock determined by multiplying the number of shares of Magnum Hunter common stock subject to the option at the effective time of the merger by the exchange ratio. The exercise price per share of each assumed option will be equal to the exercise price per share of the existing option divided by the exchange ratio. Each assumed option will remain subject to the same conditions that applied before the merger, except that each option will be fully vested.

Magnum Hunter's outstanding warrants expire on March 21, 2005, which we expect will be before the closing of the merger. To the extent any warrants to purchase shares of Magnum Hunter common stock are outstanding at the closing of the merger, each of those warrants will be assumed by Cimarex at the effective time of the merger and converted into a warrant to purchase that number of shares of Cimarex common stock determined by multiplying the number of shares of Magnum Hunter common stock subject to the warrant at the effective time of the merger by the exchange ratio. The exercise price per share of each assumed warrant will be equal to the exercise price per share of the existing warrant divided by the exchange ratio. Each assumed warrant will remain subject to the same conditions that applied before the merger. Any assumed warrants will be listed for trading on the New York Stock Exchange, referred to as the NYSE.

Promptly following the effective time of the merger, Cimarex has agreed to cause the shares of Cimarex common stock issuable upon exercise of any assumed options and warrants to be registered with the SEC, and will use all reasonable efforts to maintain the effectiveness of that registration statement for so long as any assumed options and warrants remain outstanding.

***Treatment of Magnum Hunter 1996 Series A Preferred Stock (page 124)***

All 1,000,000 issued and outstanding shares of Magnum Hunter's 1996 Series A convertible preferred stock are currently held by a wholly owned subsidiary of Magnum Hunter. Before the

effective time of the merger, Magnum Hunter will cause its subsidiary to convert all of the issued and outstanding shares of Magnum Hunter's 1996 Series A convertible preferred stock into Magnum Hunter common stock, on the terms set forth in the certificate of designations for the 1996 Series A convertible preferred stock. The shares of Magnum Hunter common stock issued upon conversion of the 1996 Series A convertible preferred stock will then be canceled and exchanged in the merger for shares of Cimarex common stock in accordance with the exchange ratio.

***Treatment of Magnum Hunter Indebtedness (page 144)***

The indentures under which Magnum Hunter's \$195 million 9.6% senior notes due 2012 and \$125 million floating rate convertible senior notes due 2023 were issued permit the holders of the notes to sell their notes back to Magnum Hunter upon a change of control of Magnum Hunter, for a price equal to 101% of the principal amount of the 9.6% senior notes plus accrued interest, and 100% of the principal amount of the convertible senior notes plus accrued interest. The interest rate on the convertible senior notes is a floating interest rate based on three-month LIBOR, which as of September 30, 2004 was 1.88%. The merger qualifies as a change of control for these purposes. Magnum Hunter as the surviving corporation will be obligated to buy back any notes that are offered in accordance with these provisions.

At or before the effective time of the merger, Cimarex will execute a supplemental indenture with the trustee under the indenture covering the convertible senior notes, with respect to the conversion provisions of those notes. After the merger, the convertible senior notes will be convertible into cash in the amount of the principal amount of the notes, plus shares of Cimarex common stock to the extent the conversion value exceeds the principal amount. Promptly following the effective time of the merger, Cimarex will cause the shares of Cimarex common stock issuable upon conversion of the convertible senior notes to be registered with the SEC, and will use all reasonable efforts to maintain the effectiveness of such registration statement for so long as any convertible senior notes remain outstanding.

Cimarex intends to pay off Magnum Hunter's existing credit facility at the closing of the merger.

***Distribution of TEL Offshore Trust Units (page 94)***

Magnum Hunter currently owns approximately 1.4 million trust units, which represents 29.1% of the outstanding trust units, of TEL Offshore Trust. Before the merger, Magnum Hunter's board of directors intends to distribute these trust units to the holders of Magnum Hunter common stock as of the distribution record date selected by the Magnum Hunter board. In the distribution, each holder of Magnum Hunter common stock (other than Magnum Hunter and its subsidiaries) will receive a percentage of TEL Offshore Trust units equal to the percentage of Magnum Hunter common stock it holds, and cash instead of any fractional units it would otherwise be entitled to receive.

TEL Offshore Trust's trust units are traded on the Nasdaq SmallCap Market under the symbol "TELOZ." On January 25, 2005, the last full trading day on the Nasdaq SmallCap Market before the public announcement of the proposed merger, the closing price of TEL Offshore Trust's trust units was \$10.97 per unit. On \_\_\_\_\_, 2005, the most recent trading day practicable before the printing of this joint proxy statement/prospectus, the closing price of TEL Offshore Trust's trust units was \$ \_\_\_\_\_ per unit.

***Ownership of Cimarex After the Merger (page 52)***

Based on the number of outstanding shares of Magnum Hunter common stock on the record date relating to the Magnum Hunter special meeting, we anticipate that Magnum Hunter stockholders will receive approximately 36.3 million shares of Cimarex common stock in the merger (excluding 790,476 shares to be issued to a wholly owned subsidiary of Magnum Hunter). Based on that number and on

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the number of outstanding shares of Cimarex common stock as of the record date relating to the Cimarex special meeting, following the merger, former Magnum Hunter stockholders will own 46.4% of the outstanding shares of Cimarex common stock and current Cimarex stockholders will own 53.6% of the outstanding shares of Cimarex common stock. These numbers do not give effect to shares that may be issued upon exercise of outstanding Cimarex or Magnum Hunter stock options or Magnum Hunter warrants or upon conversion of Magnum Hunter convertible senior notes.

### *Board of Directors After the Merger (page 117)*

After the merger and assuming that Cimarex stockholders approve the proposal to amend the Cimarex charter to increase the maximum size of its board of directors from nine to ten directors, the combined company will have ten directors. The board will consist of the nine current members of Cimarex's board of directors and one current member of the Magnum Hunter board of directors to be selected by Cimarex before the effective time of the merger.

### **The Special Meetings and Voting (pages 45 and 48)**

#### *Date and Time of the Special Meetings (pages 45 and 48)*

The special meeting of Cimarex stockholders will be held at \_\_\_\_\_, at \_\_\_\_\_ p.m., local time, on \_\_\_\_\_, 2005. At the special meeting, Cimarex stockholders will be asked to approve:

the issuance of shares of Cimarex common stock in connection with the merger;

a proposal to amend the Cimarex charter to increase the number of authorized shares of common stock from 100 million shares to 200 million shares;

a proposal to amend the Cimarex charter to increase the maximum size of the board of directors from nine to ten directors; and

a proposal to amend the Cimarex incentive plan to increase the number of shares authorized for issuance under the plan from seven million shares to 12.7 million shares.

The special meeting of Magnum Hunter stockholders will be held at \_\_\_\_\_, at \_\_\_\_\_ a.m., local time, on \_\_\_\_\_, 2005. At the special meeting, Magnum Hunter stockholders will be asked to approve the merger agreement and the merger.

#### *Record Date; Voting Power (pages 46 and 49)*

Cimarex stockholders are entitled to vote at the Cimarex special meeting if they owned shares as of the close of business on \_\_\_\_\_, 2005, referred to as the Cimarex record date. On the Cimarex record date, there were \_\_\_\_\_ shares of Cimarex common stock entitled to vote at the special meeting. Stockholders will have one vote at the special meeting for each share of Cimarex common stock they owned on the Cimarex record date.

Magnum Hunter stockholders are entitled to vote at the Magnum Hunter special meeting if they owned shares as of the close of business on \_\_\_\_\_, 2005, referred to as the Magnum Hunter record date. On the Magnum Hunter record date, there were \_\_\_\_\_ shares of Magnum Hunter common stock entitled to vote at the special meeting. Stockholders will have one vote at the special meeting for each share of Magnum Hunter common stock they owned on the Magnum Hunter record date.

***Vote Required (pages 46 and 49)***

At the Cimarex special meeting, assuming a quorum is present:

the affirmative vote of a majority of the votes cast in person or by proxy and entitled to vote at the Cimarex special meeting is required to approve the issuance of shares of Cimarex common stock in connection with the merger and the proposed amendment to the Cimarex incentive plan; and

the affirmative vote of a majority of the issued and outstanding shares of Cimarex common stock as of the record date for the Cimarex special meeting is required to approve each of the proposed amendments to the Cimarex charter.

As of the \_\_\_\_\_, 2005 record date, shares representing approximately \_\_\_\_\_ % of the total outstanding shares of Cimarex common stock were held by Cimarex's directors, executive officers and their respective affiliates.

At the Magnum Hunter special meeting, assuming a quorum is present, the affirmative vote of the holders of a majority of the shares of Magnum Hunter common stock issued and outstanding and entitled to vote at the Magnum Hunter special meeting is required to approve the merger agreement and the merger. As of the \_\_\_\_\_, 2005 record date, shares representing approximately \_\_\_\_\_ % of the total outstanding shares of Magnum Hunter common stock were held by Magnum Hunter's directors, executive officers and their respective affiliates.

As further discussed below under "The Merger Agreement Voting Agreement," on the date the merger agreement was executed, Cimarex entered into an agreement with Gary C. Evans, Magnum Hunter's President and Chief Executive Officer, and Jacquelyn Evelyn Enterprises, Inc., a related stockholder, who on that date collectively held an aggregate of approximately 5.2% of the issued and outstanding shares of Magnum Hunter common stock. Under this agreement, each stockholder party has agreed, among other things, to vote his or its shares in favor of approval of the merger agreement.

***Quorum, Abstentions and Broker Non-Votes (pages 46 and 49)***

A quorum must be present to conduct business at each of the meetings. This means that at the Cimarex meeting, greater than 50% of the outstanding shares of common stock as of Cimarex's record date must be represented in person or by proxy. At the Magnum Hunter meeting, greater than one-third of the outstanding shares of common stock as of Magnum Hunter's record date must be represented in person or by proxy.

Abstentions and broker non-votes are counted as present for establishing a quorum at both meetings. Abstentions and broker non-votes are not counted in tabulating votes on the Cimarex and Magnum Hunter proposals but have the effect of a vote against the proposals to approve the merger agreement and amend the Cimarex charter. Abstentions and broker non-votes have no effect on the votes with respect to the issuance of Cimarex common stock in the merger or the proposed amendment to the Cimarex incentive plan.

An abstention occurs when a stockholder abstains from voting (either in person or by proxy) on one or more of the proposals. Broker non-votes occur when a bank, broker or other nominee returns a proxy but does not have authority to vote on a particular proposal.

**Matters to Consider in Deciding How to Vote**

***Board of Directors' Recommendations to Stockholders (pages 60 and 62)***

The board of directors of Cimarex, by unanimous vote of the directors present at their meeting, has determined that the merger agreement and the transactions contemplated thereby, including the



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merger, are fair to, and in the best interests of, Cimarex and its stockholders and recommends that the stockholders of Cimarex vote "FOR" approval of the issuance of shares of Cimarex common stock in connection with the merger. Before its special meeting of stockholders, Cimarex plans to ask its board of directors to approve and recommend that the stockholders of Cimarex vote "FOR" approval of each proposed amendment to the Cimarex charter and "FOR" approval of the proposed amendment to the Cimarex incentive plan.

The board of directors of Magnum Hunter has unanimously determined that the merger agreement and the transactions contemplated thereby, including the merger, are fair to, and in the best interests of, Magnum Hunter and its stockholders and recommends that the stockholders of Magnum Hunter vote "FOR" approval of the merger agreement and the merger.

### *Reasons for the Merger (pages 59 and 60)*

Cimarex believes that the merger will provide it with:

the opportunity to expand in its existing core areas and to add new projects, without jeopardizing its strong financial position;

a substantial footprint in the Permian Basin from which Cimarex can grow;

complementary operations in the Mid-Continent and Gulf Coast areas;

measured exposure to high potential projects in the Gulf of Mexico; and

the ability to greatly expand its balanced-risk drilling program underpinned by a strong balance sheet.

Magnum Hunter believes that the merger will provide its stockholders with:

a premium over the trading price of Magnum Hunter common stock at the time the transaction was announced; and

the opportunity to participate in a combined enterprise with a highly skilled employee group, enhanced financial strength, and growth opportunities to further build stockholder value.

Please review the more detailed description of our reasons for the merger beginning on page 59.

### *Financial Advisors (pages 63, 72 and 84)*

*Cimarex's Financial Advisor and Fairness Opinion.* Cimarex retained Petrie Parkman & Co., referred to as Petrie Parkman, to act as its financial advisor in connection with the merger. Petrie Parkman was not requested to, and did not, render an opinion to the Cimarex board of directors in connection with the merger.

Lehman Brothers Inc., referred to as Lehman Brothers, delivered a written opinion to the Cimarex board of directors as to the fairness, from a financial point of view, to Cimarex of the exchange ratio to be paid by Cimarex in the merger. The full text of Lehman Brothers' written opinion, dated January 25, 2005, is attached to this joint proxy statement/prospectus as *Annex B*. We encourage you to read this opinion carefully in its entirety for a description of the procedures followed, assumptions made, and qualifications and limitations of the review undertaken. **Lehman Brothers' opinion was provided to the Cimarex board of directors in connection with its consideration of the merger, and does not constitute a recommendation to any stockholder of Cimarex as to whether to vote for or against the issuance of shares of Cimarex common stock in connection with the merger.**

*Magnum Hunter's Financial Advisors and Fairness Opinions.* Magnum Hunter retained Deutsche Bank Securities Inc., referred to as Deutsche Bank, and Merrill Lynch, Pierce, Fenner & Smith Incorporated, referred to as Merrill Lynch, to act as its financial advisors in connection with the



merger. Each of Deutsche Bank and Merrill Lynch delivered a written opinion to the Magnum Hunter board of directors as to the fairness, from a financial point of view, of the exchange ratio provided for in the merger. The full text of Deutsche Bank's written opinion, dated January 25, 2005, is attached to this joint proxy statement/prospectus as *Annex C* and the full text of Merrill Lynch's written opinion, dated January 25, 2005, is attached to this joint proxy statement/prospectus as *Annex D*. We encourage you to read these opinions carefully in their entirety for a description of the procedures followed, assumptions made, matters considered and limitations on the review undertaken. **Each of Deutsche Bank's and Merrill Lynch's opinions was intended for the use and benefit of the board of directors of Magnum Hunter, does not address the merits of the underlying decision by Magnum Hunter to engage in the merger and does not constitute a recommendation to any stockholder as to how that stockholder should vote on the merger or any related matter.**

*Interests of Certain Persons in the Merger (page 109)*

When considering the recommendation of Cimarex's board of directors with respect to the issuance of Cimarex common stock and the recommendation of Magnum Hunter's board of directors with respect to the merger agreement and the merger, Cimarex and Magnum Hunter stockholders, respectively, should be aware that certain executive officers and directors of Cimarex and Magnum Hunter may have interests in the merger that may be different from, or in addition to, the interests of Cimarex and Magnum Hunter stockholders generally. For a more detailed description of these interests, see "Interests of Certain Persons in the Merger" beginning on page 109.

Cimarex's and Magnum Hunter's boards of directors were aware of these interests and considered them in making their recommendations.

*Material United States Federal Income Tax Consequences of the Merger (page 98)*

Cimarex and Magnum Hunter intend for the merger to qualify as a reorganization within the meaning of Section 368(a) of the Code. As a result, Magnum Hunter stockholders who are U.S. holders (as defined in this joint proxy statement/prospectus) generally will not recognize gain or loss for U.S. federal income tax purposes in connection with the merger, except with respect to the amount of cash received instead of fractional shares of Cimarex common stock by U.S. holders of Magnum Hunter common stock and except with respect to any cash received by U.S. holders of Magnum Hunter Series A preferred stock that exercise appraisal rights. Magnum Hunter stockholders who are non-U.S. holders (as defined in this joint proxy statement prospectus) may recognize gain or loss for U.S. federal income tax purposes in connection with the merger, depending on their individual circumstances. Although the U.S. federal income tax treatment of Magnum Hunter's potential pre-merger distribution of TEL Offshore Trust units, or possibly cash instead of TEL Offshore Trust units, is not entirely free from doubt, it is expected that the receipt of the units or cash by holders of Magnum Hunter common stock should be taxed as a dividend distribution that is separate from the merger. Holders of Cimarex common stock will not recognize any gain or loss for U.S. federal income tax purposes as a result of the merger. For a summary of the U.S. federal income tax consequences of the merger that are expected to be material to Magnum Hunter stockholders, see "Material United States Federal Income Tax Consequences of the Merger" beginning on page 98.

Tax matters are very complicated, and the tax consequences of the merger to you will depend on the facts of your particular situation. You should consult your own tax advisor for a full understanding of the tax consequences of the merger to you.

*Dissenters' Rights of Appraisal (page 95)*

Holders of Cimarex common stock and Magnum Hunter common stock are not entitled to dissenters' rights of appraisal in connection with the merger.

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Holders of Magnum Hunter Series A preferred stock are entitled to dissenters' rights of appraisal in connection with the merger.

### *Accounting Treatment of the Merger (page 95)*

Cimarex will account for the merger under the purchase method of accounting for business combinations under accounting principles generally accepted in the United States of America.

### *Regulatory Approvals (page 97)*

The merger is subject to antitrust laws. On February 15, 2005, each of Cimarex and Magnum Hunter made its initial filings under applicable antitrust laws with the United States Department of Justice and the United States Federal Trade Commission. Cimarex and Magnum Hunter are not permitted to complete the merger until the applicable waiting periods associated with those filings, including any extension of those waiting periods, have expired or been terminated and applicable clearances have been obtained. If no second request is made, the waiting period will expire on March 16, 2005, 30 days from the date of the initial filings. In addition, the reviewing agencies or governments, states or private persons, may challenge the merger at any time before or after its completion. Cimarex and Magnum Hunter have not yet obtained any of the governmental or regulatory approvals required to complete the merger.

Cimarex and Magnum Hunter are not permitted to complete the merger unless the regulatory conditions to completion of the merger described above are satisfied.

### *Market Price Information (page 27)*

Cimarex's and Magnum Hunter's common stock are each listed on the NYSE. On January 25, 2005, the last full trading day on the NYSE before the public announcement of the proposed merger, Cimarex common stock closed at \$40.18 per share and Magnum Hunter common stock closed at \$13.24 per share. Based on the exchange ratio of 0.415 of a share of Cimarex common stock for each share of Magnum Hunter common stock, the pro forma equivalent per share value of the Magnum Hunter common stock on January 25, 2005 was approximately \$16.67.

On \_\_\_\_\_, 2005, the most recent trading day practicable before the printing of this joint proxy statement/prospectus, Cimarex common stock closed at \$ \_\_\_\_\_ per share and Magnum Hunter common stock closed at \$ \_\_\_\_\_ per share. Based on the foregoing assumptions, the pro forma equivalent per share value of the Magnum Hunter common stock on \_\_\_\_\_, 2005 was approximately \$ \_\_\_\_\_ per share.

### *Material Differences in the Rights of Stockholders (page 173)*

The rights of Magnum Hunter stockholders are governed by Nevada law and by Magnum Hunter's amended articles of incorporation and amended and restated bylaws. Upon completion of the merger, Magnum Hunter stockholders' rights as stockholders of Cimarex will be governed by Delaware law and by Cimarex's amended and restated certificate of incorporation and bylaws. Nevada law and Magnum Hunter's articles of incorporation and bylaws differ from Delaware law and Cimarex's certificate of incorporation and bylaws in some material respects. For more information on these differences, see "Comparison of Stockholder Rights" beginning on page 173.

### *Risk Factors (page 29)*

In addition to the other information contained in or incorporated by reference into this joint proxy statement/prospectus, you should carefully consider the factors discussed in the section entitled "Risk Factors," beginning on page 29 of this joint proxy statement/prospectus in deciding whether to vote in favor of the issuance of Cimarex common stock in the merger, in the case of Cimarex stockholders, or in favor of the merger agreement, in the case of Magnum Hunter stockholders.

**The Merger Agreement (page 124)**

The merger agreement, as amended, is attached as *Annex A* to this joint proxy statement/prospectus. We encourage you to read the merger agreement carefully and fully as it is the legal document that governs the merger.

***Conditions to the Closing of the Merger (page 125)***

Cimarex's and Magnum Hunter's respective obligations to complete the merger are subject to the satisfaction or, to the extent legally permissible, the waiver of the following conditions:

the approval of the merger agreement and the merger by Magnum Hunter's stockholders and the approval of the issuance of Cimarex common stock in the merger by Cimarex's stockholders;

the expiration or termination of the applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and receipt of all other applicable material governmental and regulatory approvals;

the effectiveness with the SEC of the registration statement of which this joint proxy statement/prospectus is a part;

the absence of any law, order or injunction prohibiting completion of the merger;

the approval for listing on the NYSE of the Cimarex common stock to be issued in the merger and upon exercise of any outstanding options and warrants to be assumed by Cimarex, subject to official notice of issuance;

material accuracy, as of the closing, of the representations and warranties made by the parties and material compliance by the parties with their respective covenants and agreements under the merger agreement; and

the absence of any change that would be reasonably likely to have a material adverse effect on either Cimarex or Magnum Hunter.

In addition, Cimarex's obligation to complete the merger is subject to the satisfaction or, to the extent legally permissible, the waiver of the following conditions:

the receipt by Cimarex of an opinion of its tax counsel to the effect that, among other things, the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code;

the absence of any event which would trigger a distribution under Magnum Hunter's stockholder rights plan; and

the receipt by Magnum Hunter of all material consents and approvals (other than those of governmental and regulatory authorities) required in connection with the execution of the merger agreement and completion of the merger.

In addition, Magnum Hunter's obligation to complete the merger is subject to the satisfaction or, to the extent legally permissible, the waiver of the following conditions:

the receipt by Magnum Hunter of an opinion of its tax counsel to the effect that, among other things, the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code;

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the absence of any event which would trigger a distribution under Cimarex's stockholder rights plan;

the delivery by Cimarex to its transfer agent of instructions authorizing the issuance of Cimarex common stock to Magnum Hunter stockholders upon surrender of certificates representing shares of Magnum Hunter common stock; and

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the receipt by Cimarex of all material consents and approvals (other than those of governmental and regulatory authorities) required in connection with the execution of the merger agreement and completion of the merger.

### *No Solicitation of Takeover Proposals (page 127)*

The merger agreement contains detailed provisions prohibiting Magnum Hunter from seeking an alternative transaction. These "no solicitation" provisions prohibit Magnum Hunter, its officers, directors, employees and representatives from taking any action to solicit a takeover proposal. These provisions also prohibit these persons from recommending, participating in discussions regarding, or furnishing information with respect to any takeover proposal, although this is subject to some exceptions, including some exceptions that permit the directors of Magnum Hunter to comply with their fiduciary duties, after following specified procedures. In specified circumstances, the merger agreement permits Magnum Hunter's board of directors to terminate the merger agreement and accept a takeover proposal it determines to be superior to the merger, referred to as a superior proposal.

### *Termination of Merger Agreement (page 129)*

The merger agreement may be terminated at any time before the closing of the merger in any of the following ways:

The merger agreement may be terminated by mutual written consent of Cimarex and Magnum Hunter.

Either Cimarex or Magnum Hunter may terminate the merger agreement if:

the merger is not completed by July 25, 2005 (or October 1, 2005 if the SEC has not declared the registration statement, of which this joint proxy statement/prospectus is a part, effective by June 1, 2005), except that a party may not terminate the merger agreement if the cause of the merger not being completed is that party's breach of a representation or warranty or failure to fulfill its obligations under the merger agreement;

a governmental authority or a court issues an injunction or order permanently enjoining or prohibiting the completion of the merger, except that a party may not terminate the merger agreement until that party has used all reasonable efforts to remove the injunction or order; or

either Cimarex's stockholders fail to approve the issuance of Cimarex common stock or Magnum Hunter's stockholders fail to approve the merger agreement and the merger.

In addition, Cimarex may terminate the merger agreement if:

Magnum Hunter has breached in any material respect any of its representations or warranties, or has failed to perform in any material respect any of its covenants or agreements under the merger agreement, if Cimarex gives notice of the breach and Magnum Hunter fails to cure the breach within 10 days following the notice, but no later than July 25, 2005 (or October 1, 2005 if the SEC has not declared the registration statement, of which this joint proxy statement/prospectus is a part, effective by June 1, 2005); or

Magnum Hunter's board of directors either withdraws or changes its recommendation in a manner adverse to Cimarex, recommends an alternative transaction or willfully and materially breaches its non-solicitation obligations described under " No Solicitation of Takeover Proposals" above.

In addition, Magnum Hunter may terminate the merger agreement if:

Cimarex has breached in any material respect any of its representations or warranties, or has failed to perform in any material respect any of its covenants or agreements under the merger agreement, if Magnum Hunter gives notice of the breach and Cimarex fails to cure the breach within 10 days following the notice, but no later than July 25, 2005 (or

October 1, 2005 if the



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SEC has not declared the registration statement of which this joint proxy statement/prospectus is a part effective by June 1, 2005); or

Magnum Hunter's board of directors authorizes Magnum Hunter to enter into a binding written agreement concerning a transaction that Magnum Hunter's board of directors has determined in accordance with the merger agreement is a superior proposal, except that Magnum Hunter cannot terminate the merger agreement for this reason unless:

Magnum Hunter has not materially breached its non-solicitation obligations described under " No Solicitation of Takeover Proposals" above;

Magnum Hunter provides Cimarex with written notice that it intends to enter into such an agreement, attaching the most current version of the agreement or a description of its material terms; and

Magnum Hunter pays Cimarex the fee described under " Termination Fee" below before the termination.

### *Termination Fee (page 131)*

Magnum Hunter must pay Cimarex a termination fee of \$45 million if:

the merger agreement is terminated because of:

Magnum Hunter's board of directors either withdrawing or changing its recommendation in a manner adverse to Cimarex, recommending an alternative transaction or willfully and materially breaching its non-solicitation obligations described under " No Solicitation of Takeover Proposals" above; or

Magnum Hunter's board of directors authorizing Magnum Hunter to enter into a binding written agreement concerning a transaction that Magnum Hunter's board of directors has determined in accordance with the merger agreement is a superior proposal, subject to the limitations described above; or

an alternative takeover proposal in respect of Magnum Hunter is publicly announced or is proposed or offered or made to Magnum Hunter or to the Magnum Hunter stockholders before the approval of the merger agreement by the Magnum Hunter stockholders, the merger agreement is terminated by Cimarex or Magnum Hunter because the Magnum Hunter stockholders do not approve the merger agreement, and within 12 months following the termination, Magnum Hunter consummates or enters into an agreement or commitment with the proponent, or an affiliate of the proponent, of the alternative takeover proposal.

Magnum Hunter must pay the termination fee no later than one business day following termination of the merger agreement or, in the case of termination in connection with an alternative transaction, on the date of consummation of or entry into the agreement for that transaction.

### *Expenses (page 131)*

Each of Cimarex and Magnum Hunter will bear all expenses it incurs in connection with the merger, except that Cimarex has agreed to pay the fee for filing the registration statement of which this joint proxy statement/prospectus is a part with the SEC, along with the expenses of printing this joint proxy statement/prospectus and complying with any other applicable securities laws in connection with the registration statement and this joint proxy statement/prospectus.

Cimarex will pay all costs and expenses related to mailing this joint proxy statement/prospectus to Cimarex stockholders and soliciting the votes of Cimarex stockholders. Magnum Hunter will pay all costs and expenses related to mailing this joint proxy statement/prospectus to Magnum Hunter stockholders and soliciting the votes of Magnum Hunter stockholders.

*Voting Agreement (page 145)*

On the date the merger agreement was executed, Gary C. Evans, Magnum Hunter's President and Chief Executive Officer, and Jacquelyn Evelyn Enterprises, Inc., a related stockholder, entered into a voting agreement with Cimarex. As of the date of the voting agreement, these stockholders beneficially owned and were entitled to vote, in the aggregate, 4,733,945 shares of Magnum Hunter common stock, which represented approximately 5.2% of the shares of Magnum Hunter common stock outstanding on that date. Under the voting agreement, these stockholders agreed, among other things, to vote all of their shares of Magnum Hunter common stock in favor of the merger agreement, against any action or agreement that they would reasonably expect to result in a material breach of any covenant, representation, warranty or other obligation of Magnum Hunter under the merger agreement and against any other takeover proposal. The voting agreement is attached as *Annex E* to this joint proxy statement/prospectus.

**Selected Historical Financial Data of Cimarex**

The following table shows selected financial data for the years ended December 31, 2003 and 2002, together with similar information for each of the three preceding fiscal years ended September 30, and the three months ended December 31, 2001. The following table also shows selected financial data of Cimarex as of and for each of the nine-month periods ended September 30, 2004 and September 30, 2003. Operating results for the nine months ended September 30, 2004 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2004.

On September 30, 2002, Cimarex acquired 100 percent of the common stock of Key Production Company in a tax-free exchange of stock accounted for as a business purchase combination. Also on September 30, 2002, Cimarex changed its fiscal year from September 30 to December 31. Results of Key are included in the operating results only for the period subsequent to the acquisition on September 30, 2002. This information should be read in connection with and is qualified in its entirety by Cimarex's consolidated financial statements, the accompanying notes and management's discussion and analysis of financial condition and results of operations contained in Cimarex's reports on file with the SEC and incorporated by reference in this joint proxy statement/prospectus. See "Where You Can Find More Information" on page 184.

	As of and For the Years Ended							Three Months Ended December 31, 2001
	Nine Months Ended September 30,		December 31,		September 30,			
	2004	2003	2003	2002	2001	2000	1999	
(In thousands, except per share and proved reserve amounts)								
<b>Operating results:</b>								
Revenues	\$ 476,385	\$ 348,591	\$ 454,212	\$ 209,644	\$ 316,778	\$ 237,021	\$ 146,902	\$ 39,596
Net income	105,517	76,329	94,633	39,819	35,253	57,386	23,559	4,479
Net income per share:								
Basic	2.55	1.84	2.28	1.32	1.33	2.16	0.89	0.17
Diluted	2.47	1.81	2.22	1.31	1.33	2.16	0.89	0.17
Cash dividends declared per share								
<b>Balance sheet data:</b>								
Total assets	1,001,941	722,565	805,508	674,286	246,212	286,090	234,929	251,966
Total debt				32,000				
Stockholders' equity	650,916	525,780	534,740	444,880	166,795	192,972	172,664	175,082
<b>Other financial data:</b>								
Oil and gas sales	330,456	247,030	324,119	157,299	222,136	158,502	93,808	26,857
Oil and gas capital expenditures	208,885	104,671	162,627	368,503	104,975	73,821	55,933	14,425
<b>Proved Reserves:</b>								
Gas (MMcf)	346,763	320,005	337,344	318,627	216,337	262,498	239,620	212,326
Oil (MBbls)	13,970	13,482	14,137	15,025	5,932	6,305	4,834	5,304
Total equivalent (MMcfe)	430,580	400,898	422,167	408,779	251,927	300,329	268,623	244,150



**Selected Historical Financial Data of Magnum Hunter**

Set forth below is selected consolidated financial data of Magnum Hunter as of and for each of the nine-month periods ended September 30, 2004 and September 30, 2003 and as of and for each of the years in the five-year period ended December 31, 2003. The quarterly information is derived from the unaudited financial statements of Magnum Hunter for the nine months ended September 30, 2004 and September 30, 2003 and the annual information is derived from audited financial statements of Magnum Hunter for the years 1999 through 2003. This information should be read together with Magnum Hunter's consolidated financial statements, the accompanying notes and management's discussion and analysis of financial condition and results of operations contained in Magnum Hunter's reports on file with the SEC and incorporated by reference in this joint proxy statement/prospectus. See "Where You Can Find More Information" on page 184. Operating results for the nine months ended September 30, 2004 are not necessarily indicative of the results that may be expected for the entire year ending December 31, 2004.

	Nine Months Ended September 30,		As of and For the Years Ended December 31,				
	2004	2003	2003	2002	2001	2000	1999
(in thousands, except per share amounts)							
<b>Income Statement Data:</b>							
Operating revenues	\$ 338,874	\$ 241,067	\$ 325,014	\$ 265,869	\$ 152,806	\$ 127,510	\$ 69,626
Operating costs and expenses(a)	(201,048)	(172,556)	(232,316)	(197,000)	(104,755)	(77,181)	(54,514)
Operating profit	137,826	68,511	92,698	68,869	48,051	50,329	15,112
Provision for impairment of investment(b)				(621)	(7,123)		
Costs associated with early retirement of debt(c)	(12,250)	(4,085)	(6,716)	(1,000)	(490)		
Cumulative effect on prior years of a change in accounting principle, net of tax(d)		399	399				
Net Income (loss)	61,456	18,829	26,117	15,522	13,516	22,260	(6,826)
Dividends applicable to preferred shares(e)						(9,708)	(4,509)
Income (loss) applicable to common shares	\$ 61,456	\$ 18,829	\$ 26,117	\$ 15,522	\$ 13,516	\$ 12,552	\$ (11,335)
Income (loss) per common share before cumulative effect of a change in accounting principle							
Basic(e)	\$ 0.83	\$ 0.27	\$ 0.38	\$ 0.25	\$ 0.39	\$ 0.60	\$ (0.57)
Diluted(e)	\$ 0.81	\$ 0.27	\$ 0.38	\$ 0.25	\$ 0.36	\$ 0.51	\$ (0.57)
Income (loss) per common share after cumulative effect of a change in accounting principle							
Basic(e)	\$ 0.83	\$ 0.28	\$ 0.39	\$ 0.25	\$ 0.39	\$ 0.60	\$ (0.57)
Diluted(e)	\$ 0.81	\$ 0.28	\$ 0.39	\$ 0.25	\$ 0.36	\$ 0.51	\$ (0.57)
<b>Other Data:</b>							
Proceeds from sale of assets	\$ 11,677	\$ 14,623	\$ 17,123	\$ 95,988	\$ 1,124	\$ 43,770	\$ 1,499
Capital expenditures(f)	\$ 426,786	\$ 144,243	\$ 175,535	\$ 141,046	\$ 204,370	\$ 60,830	\$ 59,968

- (a) Includes in 2001 a provision for loss of \$3.2 million related to the Enron bankruptcy.
- (b) Includes in 2002 and 2001 a provision for \$621 thousand and \$2.1 million, respectively, for the impairment of available-for-sale equity securities deemed by management to have suffered a other than temporary impairment. The impairment was determined using a quoted market price at December 31, 2001 of \$0.86 per share. We had previously reported losses in accumulated other comprehensive income of \$507 thousand (\$466 thousand net of income tax benefit) through December 31, 2001. Also included in 2001 was an impairment provision of \$5.0 million due to the bankruptcy of a privately held company in which Magnum Hunter owned a minority interest and had invested \$4.5 million in equity securities and \$453 thousand in secured loans.
- (c) Includes in 2003 the cost of retirement of \$129.5 million in principal of Magnum Hunter's 10% senior notes due June 1, 2007. Includes in 2002 the costs associated with the amendment of Magnum Hunter's credit facility in connection with the Prize merger. Includes in 2001 the cost of retirement of \$10.5 million of Magnum Hunter's 10% senior notes.
- (d) Includes in 2003 the cumulative effect on prior years of a change in accounting principle due to the adoption of SFAS No. 143 relating to asset retirement obligations. The cumulative effect was a gain of \$399 thousand, net of income tax expense of \$244 thousand.



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(e) Includes the effect in the year 2000 of the payment of a \$5.5 million fee upon redemption of \$25.0 million (liquidation value) of Magnum Hunter's 1999 Series A 8% convertible preferred stock. The fee was treated as a dividend, reducing income per common share, basic and diluted, by \$0.26 per share and \$0.17 per share, respectively, for the year 2000.

(f) Capital expenditures include cash expended for acquisitions plus normal additions to oil and natural gas properties and other fixed assets. It does not include the cost of property acquired through the issuance of common stock.

As of September 30,		As of December 31,				
2004	2003	2003	2002	2001	2000	1999

(in thousands)

### Balance Sheet Data:

Property, plant and equipment, net	\$ 1,434,518	\$ 1,090,016	\$ 1,095,883	\$ 1,001,609	\$ 419,837	\$ 260,532	\$ 265,195
Total assets	1,644,522	1,226,297	1,265,892	1,169,656	454,385	315,612	304,022
Total debt(a)	665,998	563,482	597,500	570,837	288,583	191,139	234,806
Total stockholders' equity	\$ 612,069	\$ 374,445	\$ 389,676	\$ 350,196	\$ 117,974	\$ 93,416	\$ 51,552

(a) Consists of current notes payable and long-term debt, including current maturities of long-term debt, and excluding production payment liabilities of zero, \$29 thousand, \$12 thousand, \$114 thousand, \$203 thousand, \$359 thousand, and \$460 thousand as of September 30, 2004, 2003 and as of December 31, 2003, 2002, 2001, 2000 and 1999, respectively. As of December 31, 2002, 2000 and 1999, \$7.0 million, \$20.6 million and \$41.8 million, respectively, of the debt was non-recourse to Magnum Hunter.

Nine Months Ended September 30,		As of and For the Years Ended December 31,				
2004	2003	2003	2002	2001	2000	1999

(in thousands)

### Cash Flow Data:

Cash flow from operating activities	\$ 191,394	\$ 143,843	\$ 162,638	\$ 83,403	\$ 104,074	\$ 49,466	\$ 17,435
Cash flows from investing activities	(416,925)	(123,504)	(159,675)	(89,420)	(203,989)	(20,008)	(58,469)
Cash flows from financing activities	\$ 232,844	\$ (21,235)	\$ 12,661	\$ 6,331	\$ 102,661	\$ (31,014)	\$ 37,746

### Selected Unaudited Pro Forma Combined Financial Data

Cimarex and Magnum Hunter are providing the following selected unaudited pro forma financial information to present a summary of the results of operations and financial position of the combined company giving effect to the merger as though Cimarex's and Magnum Hunter's businesses had been combined at the dates indicated and for the periods shown.

The pro forma adjustments are based upon available information and assumptions that each company's management believes are reasonable. The selected unaudited pro forma financial information is presented for illustrative purposes only and is based on the estimates and assumptions set forth below and in the notes accompanying the unaudited pro forma condensed combined financial statements. The companies may have performed differently had they always been combined. Stockholders should not rely on this information as being indicative of the results that would have been achieved had the companies always been combined or the future results of the combined company after the merger. The selected unaudited pro forma financial information:

(i) has been derived from and should be read in conjunction with the unaudited pro forma condensed combined financial statements and accompanying notes included in this joint proxy statement/prospectus as described under "Unaudited Pro

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Forma Condensed Combined Financial Statements" beginning on page 154; and

(ii)

should be read in conjunction with the consolidated financial statements of Cimarex and Magnum Hunter incorporated by reference in this joint proxy statement/prospectus. See "Where You Can Find More Information" on page 184.

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The unaudited pro forma condensed combined financial statements were prepared based on the following assumptions:

Cimarex issued an aggregate of approximately 36.33 million shares of Cimarex common stock (at an exchange ratio of 0.415 shares of Cimarex common stock for each share of Magnum Hunter common stock) for all the outstanding shares of common stock of Magnum Hunter (excluding 790,476 shares to be issued to a wholly owned subsidiary of Magnum Hunter), and assumed Magnum Hunter's debt.

The unaudited pro forma balance sheet has been prepared as if the merger occurred on September 30, 2004. The unaudited pro forma statements of operations have been prepared as if the merger occurred on January 1, 2003.

The merger was accounted for as a purchase of Magnum Hunter by Cimarex.

Any potential cost savings have not been reflected as an adjustment to the historical data. These cost savings, if any, would result from the consolidation of certain offices and the elimination of duplicate corporate and field-level staff and expenses.

See "The Merger Agreement Treatment of Indenture Obligations and Notes" on page 144. Any potential buyback or conversion of these notes has not been reflected as an adjustment in the unaudited pro forma condensed combined financial statements. For every 10% increase above Magnum Hunter's share price of \$12.19, approximately 387,000 Cimarex shares could potentially be issued related to Magnum Hunter's \$125 million floating rate convertible senior notes due 2023, if those notes were converted.

		<b>As of September 30, 2004</b>	
		<b>(Millions of Dollars)</b>	
<b>Pro Forma Balance Sheet Data</b>			
Total assets	\$	3,775.6	
Long-term debt		712.8	
Stockholders' equity		2,019.3	
		<b>For the Nine Months Ended September 30, 2004</b>	<b>For the Year Ended December 31, 2003</b>
		<b>(Millions of dollars, except per share data)</b>	
<b>Pro Forma Statement of Operations Data</b>			
Revenues	\$	817.9	\$ 780.3
Net income		141.3	59.8
Net income per share:			
Basic	\$	1.82	\$ .77
Diluted	\$	1.79	\$ .76



## COMPARATIVE PER SHARE INFORMATION

The following tables set forth historical per share information of Cimarex and Magnum Hunter and unaudited pro forma combined per share information after giving effect to the merger.

The unaudited pro forma combined per share information does not purport to represent what the results of operations or financial position of Cimarex, Magnum Hunter or the combined company would actually have been had the merger occurred at the beginning of the periods shown, or to project Cimarex's, Magnum Hunter's or the combined company's results of operations or financial position for any future period or date. This pro forma information is derived from, and should be read in conjunction with, the unaudited pro forma condensed combined financial statements and accompanying notes included in this joint proxy statement/prospectus as presented under "Unaudited Pro Forma Condensed Combined Financial Statements" beginning on page 154.

The historical per share information is derived from, and should be read in conjunction with, the financial statements for each of Cimarex and Magnum Hunter, which are incorporated by reference in this joint proxy statement/prospectus. See "Where You Can Find More Information" on page 184.

	Nine Months Ended September 30, 2004	Year Ended December 31, 2003
<b>Cimarex Historical Per Share Data:</b>		
Income from continuing operations		
Basic(a)	\$ 2.55	\$ 2.28
Diluted(b)	\$ 2.47	\$ 2.22
Cash dividends	\$	\$
Book value(c)	\$ 15.25	\$ 12.54
<b>Magnum Hunter Historical Per Share Data:</b>		
Income from continuing operations		
Basic(a)	\$ 0.83	\$ 0.39
Diluted(b)	\$ 0.81	\$ 0.39
Cash dividends	\$	\$
Book value (c)	\$ 8.09	\$ 5.77
<b>Pro Forma Combined Company Per Share Data:</b>		
Income from continuing operations		
Basic(d)	\$ 1.82	\$ 0.77
Diluted(d)	\$ 1.79	\$ 0.76
Cash dividends	\$	\$
Book value(e)	\$ 25.55	\$ 23.78
<b>Pro Forma Combined Magnum Hunter Equivalent Per Share Data:(f)</b>		
Income from continuing operations		
Basic	\$ 0.75	\$ 0.32
Diluted	\$ 0.74	\$ 0.31
Cash dividends	\$	\$
Book value	\$ 10.60	\$ 9.87

(a) Based on the weighted average number of shares of common stock outstanding for Cimarex or Magnum Hunter for such period.

(b) Based on the weighted average number of shares of common stock outstanding plus the potential dilution that would occur if interests in securities (options, restricted stock units, warrants, and

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convertible debentures) were exercised and converted into common stock of Cimarex or Magnum Hunter for such period.

- (c) Computed by dividing stockholders' equity by the number of shares of common stock at the end of such period.
- (d) Based on the pro forma net income from the "Unaudited Pro Forma Condensed Combined Financial Statements" beginning on page 154 which gives effect to the merger under the purchase method of accounting.
- (e) Computed by dividing pro forma stockholders' equity by the weighted average number of outstanding shares of Cimarex common stock at the end of such period, adjusted to include the estimated number of shares of Cimarex common stock to be issued in the merger.
- (f) Based on the assumed conversion of each share of Magnum Hunter common stock into 0.415 of a share of Cimarex common stock in the merger. The Pro Forma Combined Magnum Hunter Equivalent Per Share Data is computed by multiplying the Pro Forma Combined Company Per Share Data by the fixed exchange ratio of 0.415.

### COMPARATIVE PER SHARE MARKET PRICE AND DIVIDEND INFORMATION

Cimarex's \$0.01 par value common stock trades on the NYSE under the symbol "XEC." Magnum Hunter's \$0.002 par value common stock trades on the NYSE under the symbol "MHR." The following table sets forth, for the periods indicated, the high and low sale prices per share of Cimarex and Magnum Hunter common stock on the New York Stock Exchange Composite Transactions Tape. For current price information, you should consult publicly available sources.

#### Cimarex Common Stock

	High	Low
<b>2004</b>		
First Quarter	\$ 29.75	\$ 24.05
Second Quarter	\$ 30.25	\$ 26.24
Third Quarter	\$ 35.25	\$ 29.20
Fourth Quarter	\$ 41.45	\$ 33.60
<b>2003</b>		
First Quarter	\$ 20.42	\$ 17.07
Second Quarter	\$ 24.40	\$ 18.80
Third Quarter	\$ 23.70	\$ 19.24
Fourth Quarter	\$ 28.14	\$ 19.50
<b>2002</b>		
Third Quarter (from September 25, 2002)*	\$ 17.25	\$ 15.80
Fourth Quarter	\$ 18.00	\$ 13.49

\*

Cimarex common stock was not publicly traded before September 25, 2002.

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Magnum Hunter Common Stock

	<u>High</u>	<u>Low</u>
<b>2004</b>		
First Quarter	\$ 10.26	\$ 8.12
Second Quarter	\$ 11.40	\$ 9.65
Third Quarter	\$ 11.58	\$ 9.80
Fourth Quarter	\$ 13.82	\$ 11.36
<b>2003</b>		
First Quarter	\$ 6.20	\$ 5.25
Second Quarter	\$ 8.39	\$ 5.32
Third Quarter	\$ 8.25	\$ 6.85
Fourth Quarter	\$ 9.90	\$ 7.98
<b>2002</b>		
First Quarter	\$ 8.40	\$ 6.60
Second Quarter	\$ 7.99	\$ 7.05
Third Quarter	\$ 7.89	\$ 4.70
Fourth Quarter	\$ 6.54	\$ 4.19

Neither Cimarex nor Magnum Hunter has ever paid any cash dividends to its common stockholders. Magnum Hunter's credit facilities place substantial limitations on its ability to pay cash dividends on its common stock.

At this time, Cimarex does not intend to pay a common stock dividend to stockholders following the merger instead, it intends to retain earnings for its exploration and development activities.

The following table sets forth the high and low sales prices per share of Cimarex and Magnum Hunter common stock on November 22, 2004, the last full trading day before Cimarex and Magnum Hunter entered into an amended confidentiality agreement; January 25, 2005, the last full trading day before the public announcement of the merger; and \_\_\_\_\_, 2005, the most recent full trading day practicable before the date of this joint proxy statement/prospectus.

<u>Cimarex Common Stock</u>			<u>Magnum Hunter Common Stock</u>		
	<u>High</u>	<u>Low</u>		<u>High</u>	<u>Low</u>
November 22, 2004	\$ 38.70	\$ 37.88	November 22, 2004	\$ 13.55	\$ 13.35
January 25, 2005	\$ 40.21	\$ 39.65	January 25, 2005	\$ 13.40	\$ 13.02
_____, 2005	\$	\$	_____, 2005	\$	\$

Holder of Cimarex and Magnum Hunter common stock should obtain current market quotations for Cimarex and Magnum Hunter common stock. The market price of Cimarex common stock and Magnum Hunter common stock could vary at any time before the merger.

## RISK FACTORS

*Stockholders of Cimarex and Magnum Hunter voting in favor of the issuance of shares in connection with the merger and in favor of the merger agreement, respectively, will be choosing to combine the business of Magnum Hunter with that of Cimarex and, in the case of stockholders of Magnum Hunter, to invest in the combined company's common stock. In addition to the matters addressed in "Cautionary Statement Concerning Forward-Looking Statements" on page 9, the information included in this joint proxy statement/prospectus and the other documents attached to or incorporated by reference in this joint proxy statement/prospectus, you should carefully consider the following risks related to the merger and the combined company's business in determining whether to vote in favor of the proposals described herein.*

### Risks Relating to the Merger

***Because the exchange ratio is fixed, the value of Cimarex common stock issued to the Magnum Hunter stockholders will depend on the market price of Cimarex common stock when the merger is completed.***

Magnum Hunter stockholders will receive a fixed number of shares of common stock of Cimarex, rather than a number of shares with a particular fixed value. The market values of Cimarex and Magnum Hunter common stock at the time of the merger may vary significantly from their prices on the date the merger agreement was executed, the date of this joint proxy statement/prospectus or the date on which Cimarex or Magnum Hunter stockholders vote on the merger. Because the exchange ratio will not be adjusted to reflect any changes in the market value of Cimarex or Magnum Hunter common stock, the market value of the Cimarex common stock issued in the merger and the Magnum Hunter common stock surrendered in the merger may be higher or lower than the values of those shares on those earlier dates. Stock price changes may result from a variety of factors that are beyond the control of Cimarex and Magnum Hunter, including changes in our businesses, operations and prospects, regulatory considerations, market assessments of the likelihood that the merger will be completed, the timing of the completion of the merger, and general and oil and gas specific market and economic conditions. Magnum Hunter is not permitted to "walk away" from the merger or resolicit the vote of its stockholders solely because of changes in the market price of either party's common stock. Although Cimarex has entered into a voting agreement with two Magnum Hunter stockholders who together own approximately 5.2% of Magnum Hunter's common stock as of the date of the merger agreement, Magnum Hunter's other stockholders who are not parties to voting agreements with Cimarex could vote against the transaction.

***The integration of Cimarex and Magnum Hunter following the merger will present significant challenges.***

Upon consummation of the merger, the integration of the operations of Cimarex and Magnum Hunter and the consolidation of those operations in Cimarex will require the dedication of management resources, which will temporarily distract attention from the day-to-day businesses of the combined company. The difficulties of assimilation may be increased by the necessity of coordinating geographically separated organizations, integrating operations and systems and personnel with disparate business backgrounds and combining different corporate cultures. The process of combining the organizations may cause an interruption of, or a loss of momentum in, the activities of any or all of the companies' businesses, which could have an adverse effect on the revenues and operating results of the combined company, at least in the near term. The failure to successfully integrate Cimarex and Magnum Hunter, to retain key personnel and to successfully manage the challenges presented by the integration process may result in Cimarex and Magnum Hunter not achieving the anticipated potential benefits of the merger. If the combined company fails to realize the anticipated benefits of the merger, holders of its common stock may receive lower returns than they expect.

***Cimarex and Magnum Hunter will incur merger-related charges.***

Cimarex and Magnum Hunter estimate that, as a result of the merger, the combined company will incur severance expenses in an aggregate amount of approximately \$13 million. In addition, Cimarex and Magnum Hunter expect to incur other merger-related expenses of approximately \$18.5 million in total, consisting of investment banking, legal and accounting fees and financial printing and other related charges. These amounts are preliminary estimates and the actual amounts may be higher or lower. Moreover, the combined company is likely to incur additional expenses in future periods in connection with the integration of Cimarex's and Magnum Hunter's businesses.

***Directors and executive officers of Cimarex and Magnum Hunter may have interests in the merger that are different from those of Cimarex or Magnum Hunter stockholders generally.***

Certain executive officers and directors of Cimarex and Magnum Hunter may have interests in the merger that may be different from, or in addition to, the interests of Cimarex and Magnum Hunter stockholders generally. For example:

the removal of Magnum Hunter's directors as of the effective time of the merger will entitle the outside directors of Magnum Hunter to additional compensation as set forth in Magnum Hunter's Outside Director Policy;

certain executives of Magnum Hunter will have "good reason" to voluntarily terminate their employment in accordance with their employment agreements as a result of the merger, which termination will entitle those executives to lump sum termination payments, benefits continuation and other benefits;

certain directors and executive officers of Magnum Hunter will have the vesting of their stock options and payment of deferred bonuses accelerated in full;

certain directors of Cimarex will be entitled to accelerated vesting of options, an extension of time to exercise options following termination of service and accelerated vesting and payout of stock units, and would be entitled to accelerated vesting and payout under Cimarex's Directors Deferred Compensation Plan if the plan is amended following the merger, although Cimarex is seeking the agreement of each of these directors to waive these benefits other than the accelerated option vesting; and

certain officers of Cimarex will be entitled to accelerated vesting of options, accelerated vesting and payout of stock units and restricted stock and accelerated vesting and payout under Cimarex's Supplemental Savings Plan, although Cimarex is seeking the agreement of each of these officers to waive these benefits.

You should consider these interests in connection with your vote on the merger or the share issuance, as applicable, including whether these interests may have influenced these directors and executive officers to recommend or support the merger.

***Failure to retain key employees could adversely affect Cimarex after the merger.***

The performance of Magnum Hunter as a subsidiary of Cimarex after the merger could be adversely affected if the combined company cannot retain selected key employees of Magnum Hunter. The loss of the services of one or more of these key employees could adversely affect the combined company's future operating results because of their experience and knowledge of Magnum Hunter's business. Although Cimarex has agreed to offer to employ all employees of Magnum Hunter (other than the 17 management employees who have employment agreements and contractual severance arrangements) for at least six months following the merger, it is not yet known how many, or which, employees will accept this offer. In addition, current and prospective employees of Cimarex and

Magnum Hunter may experience uncertainty about their future roles with the companies until after the merger is completed. This may adversely affect the ability of Cimarex and Magnum Hunter to attract and retain key personnel.

***Cimarex stockholders will be diluted by the merger.***

The merger will dilute the ownership position of the current stockholders of Cimarex. Based on the number of shares of Magnum Hunter common stock outstanding as of January 24, 2005, Cimarex would issue approximately 36.3 million shares of Cimarex common stock to Magnum Hunter stockholders in the merger (excluding 790,476 shares to be issued to a wholly owned subsidiary of Magnum Hunter). As a result, Cimarex stockholders and Magnum Hunter stockholders would hold 53.6% and 46.4%, respectively, of the combined company's common stock outstanding immediately after the completion of the merger.

***If Cimarex or Magnum Hunter fails to obtain all required contractual consents and approvals, third parties may terminate or alter existing contracts.***

Cimarex's obligation to complete the merger is conditioned, among other things, upon receipt of all material consents and approvals that Magnum Hunter is required to obtain in connection with the merger, except where the failure to receive the consents and approvals would not be reasonably likely to have a material adverse effect on Magnum Hunter. Some agreements between Magnum Hunter and its suppliers, customers or other business partners may require the consent or approval of these other parties in connection with the merger. Cimarex and Magnum Hunter have agreed to use reasonable best efforts to obtain any necessary consents and approvals. However, Cimarex and Magnum Hunter may not be able to obtain all the necessary consents and approvals. If any consents and approvals are not obtained and Cimarex elects to waive the closing condition relating to receipt of material consents, the absence of the consents or approvals could have a material adverse effect on the combined company's business after the merger.

***Cimarex and Magnum Hunter may be unable to obtain the regulatory approvals required to complete the merger or, in order to do so, the combined company may be required to comply with material restrictions or conditions.***

The merger is subject to review by the United States Department of Justice and United States Federal Trade Commission under the Hart-Scott-Rodino Improvements Act of 1976, referred to as the HSR Act. Under this statute, Cimarex and Magnum Hunter are required to make pre-merger notification filings and await the expiration or early termination of statutory waiting periods before completing the merger. On February 15, 2005, each of Cimarex and Magnum Hunter made its initial HSR Act filing. Under the HSR Act, the Department of Justice or Federal Trade Commission may make a request for additional information and other documentary material in connection with the merger. Such a request would effectively extend the waiting period for the merger under the HSR Act from 30 days after the initial filings are submitted until 30 days after both parties substantially comply with the request for additional information. Complying with a request for additional information or material under the HSR Act can take a significant amount of time. Cimarex and Magnum Hunter have not yet obtained any of the governmental or regulatory approvals required to complete the merger.

The reviewing authorities may not permit the merger at all or may impose restrictions or conditions on the merger that may seriously harm the combined company if the merger is completed. These conditions could include a complete or partial license, divestiture, spin-off or the holding separate of assets or businesses. Any delay in the completion of the merger could diminish the anticipated benefits of the merger or result in additional transaction costs, loss of revenue or other effects associated with uncertainty about the transaction. Cimarex and Magnum Hunter also may be required to agree to restrictions or conditions imposed by antitrust authorities in order to obtain

regulatory approval, and these restrictions or conditions could harm the combined company's operations. No additional stockholder approval is expected to be required for any decision by Cimarex and Magnum Hunter, after their respective special meetings, to agree to any terms and conditions necessary to resolve any regulatory objections to the merger.

In addition, during or after the statutory waiting periods, and even after completion of the merger, governmental authorities could seek to block or challenge the merger as they deem necessary or desirable in the public interest. In addition, in some jurisdictions, a competitor, customer or other third party could initiate a private action under the antitrust laws challenging or seeking to enjoin the merger, before or after it is completed. Cimarex, Magnum Hunter or the combined company may not prevail, or may incur significant costs, in defending or settling any action under the antitrust laws.

***If the merger is completed, the date that you will receive your merger consideration is uncertain.***

The date that you will receive your merger consideration depends on the completion date of the merger, which is uncertain. While we currently expect to complete the merger during the second quarter of 2005, the closing date of the merger might be later than expected due to unforeseen events.

#### **Risks Relating to the Combined Company's Business Following the Merger**

***Low oil and gas prices could adversely affect the combined company's financial results and future rate of growth in proved reserves and production.***

The combined company's revenues and results of operations will be highly dependent on oil and gas prices. The prices we receive for our production are based on prevailing market conditions and are influenced by many factors that are beyond our control. Historically, oil and gas prices have fluctuated widely, and petroleum prices could continue to be volatile in the future. In recent years, oil prices have responded to changes in supply and demand stemming from actions taken by the Organization of Petroleum Exporting Countries, worldwide economic conditions, growing transportation and power generation needs, and other events. Factors affecting gas prices have included declining domestic supplies; the level and price of natural gas imports into the U.S.; weather conditions; and the price and level of alternative sources of energy such as nuclear power, hydroelectric power, coal, and other petroleum products.

The combined company's proved oil and gas reserves and production volumes will decrease in quantity unless it successfully replaces the reserves it produces with new discoveries or acquisitions. For the foreseeable future, we expect to make substantial capital investments for the exploration and development of new oil and gas reserves to replace the reserves we produce and to increase our total proved reserves. Historically, Cimarex has paid for these types of capital expenditures with cash flow provided by production operations. Because low oil and gas prices would negatively affect the amount of cash flow available to fund these capital investments, they could also affect the combined company's future rate of reserve and production growth. Low prices may also reduce the amount of oil and gas that the combined company can economically produce and may cause it to curtail, delay or defer certain exploration and development projects. Moreover, the combined company's ability to borrow under its bank credit facility and to raise additional debt or equity capital to fund acquisitions would also be impacted.

***Failure of the combined company's exploration and development program to find commercial quantities of new oil and gas reserves could negatively affect its financial results and future rate of growth.***

In order to replace the reserves depleted by production and to maintain or grow the combined company's total proved reserves and overall production levels, we must locate and develop new oil and gas reserves or acquire producing properties from others. While it may from time to time seek to acquire proved reserves, Cimarex's main business strategy is to grow through drilling and Cimarex

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expects to continue this strategy following the merger. Without successful exploration and development, the combined company's reserves, production and revenues could decline rapidly, which would negatively impact its results of operations and reduce its ability to raise capital.

Exploration and development involves numerous risks, including the risk that no commercially productive oil or gas reservoirs will be discovered. Exploration and development can also be unprofitable, not only from dry wells, but from productive wells that do not produce sufficient reserves to return a profit.

We often are uncertain as to the future cost or timing of drilling, completing and producing wells. The combined company's drilling operations may be curtailed, delayed or canceled as a result of several factors, including unforeseen poor drilling conditions, title problems, unexpected pressure or irregularities in formations, equipment failures, accidents, adverse weather conditions, compliance with environmental and other governmental requirements, and the cost of, or shortages or delays in the availability of, drilling rigs and related equipment.

***The combined company's proved reserve estimates may be inaccurate and future net cash flows are uncertain.***

Estimates of proved oil and gas reserves and their associated future net cash flow necessarily depend on a number of variables and assumptions, including many factors beyond our control. Among others, changes in any of the following factors may cause estimates to vary considerably from actual results:

production rates, reservoir pressure, and other subsurface information;

future oil and gas prices;

assumed effects of governmental regulation;

future operating costs;

future property, severance, excise and other taxes incidental to oil and gas operations;

capital expenditures;

workover and remedial costs; and

federal and state income taxes.

Estimates of proved reserves and future net cash flow prepared by different engineers or by the same engineers at different times may vary substantially. Cimarex's proved oil and gas reserve estimates are prepared by Cimarex engineers in accordance with guidelines established by the SEC. Ryder Scott Company, L.P., independent petroleum engineers, reviewed Cimarex's reserve estimates for properties that comprised 80 percent of the discounted future net cash flows before income taxes, using a 10 percent discount rate, as of December 31, 2003. Magnum Hunter's estimated reserve evaluations and related calculations are prepared by DeGolyer and MacNaughton and Cawley, Gillespie & Associates, Inc., each independent petroleum engineering consultants.

You should not construe the net present values referred to in this joint proxy statement/prospectus as the current market value of Cimarex's, Magnum Hunter's or the combined company's estimated proved reserves. In accordance with SEC guidelines, the estimated discounted net cash flow from proved reserves is based on prices and costs as of the date of the estimate, whereas actual future prices and costs may be materially different. A number of companies in the oil and gas industry have recently written down their reserve estimates following internal reviews or review by the SEC. Write-downs of reserve estimates included in Cimarex's, Magnum Hunter's or the combined company's reserve reports,



or future performance that deviates significantly from those reports, could have a material adverse effect on the combined company's stock price and its financial position and results of operations.

***The marketability of the combined company's production will depend in part upon the availability, proximity and capacity of pipelines and processing facilities.***

The combined company will deliver some of its gas through pipelines that it does not own. The marketability of the combined company's production will depend in part upon the availability, proximity and capacity of these pipelines as well as gathering systems and processing facilities. These facilities may not always be available to the combined company in the future. The lack of availability of these facilities for an extended period of time could negatively affect revenues.

***Competition in our industry is intense and many of the combined company's competitors have greater financial and technological resources.***

Cimarex and Magnum Hunter operate, and the combined company will operate, in the competitive area of oil and gas exploration and production. Many of our competitors are large, well-established companies that have larger operating staffs and greater capital resources than the combined company. These companies may be able to pay more for exploratory prospects and productive oil and gas properties and may be able to define, evaluate, bid for and purchase a greater number of properties and prospects than the combined company's financial or human resources permit.

***The combined company will be subject to complex laws and regulations that can adversely affect the cost, manner or feasibility of doing business.***

Exploration, development, production and sale of oil and gas are subject to extensive federal, state and local laws and regulations, including complex environmental laws. Future laws or regulations, any adverse changes in the interpretation of existing laws and regulation, inability to obtain necessary regulatory approvals, or a failure to comply with existing legal requirements may harm the combined company's business, results of operations and financial condition. The combined company may be required to make large expenditures to comply with environmental and other governmental regulations. Failure to comply with these laws and regulations may result in the suspension or termination of operations and subject the combined company to administrative, civil and criminal penalties. Matters subject to regulation include discharge permits for drilling operations, drilling bonds, spacing of wells, unitization and pooling of properties, environmental protection, and taxation. Cimarex's, Magnum Hunter's and the combined company's operations create the risk of environmental liabilities to the government or third parties for any unlawful discharge of oil, gas or other pollutants into the air, soil or water. In the event of environmental violations, we may be charged with remedial costs. Laws and regulations protecting the environment have become more stringent in recent years, and may, in some circumstances, result in liability for environmental damage regardless of negligence or fault. In addition, pollution and similar environmental risks generally are not fully insurable. These liabilities and costs could have a material adverse effect on the combined company's financial condition and results of operations.

***The combined company's limited ability to influence operations and associated costs on properties not operated by it could result in economic losses that are partially beyond our control.***

Other companies will operate a portion of the combined company's net production. In 2004, other companies operated approximately 26% of Cimarex's net production and approximately 46% of Magnum Hunter's net production. The combined company's success in properties operated by others will depend upon a number of factors outside of our control, including timing and amount of capital expenditures, the operator's expertise and financial resources, approval of other participants in drilling wells, selection of technology and maintenance of safety and environmental standards. The combined

company's dependence on the operator and other working interest owners for these projects could prevent the realization of the combined company's targeted returns on capital in drilling or acquisition activities.

***The combined company will conduct waterflood projects and other secondary recovery operations.***

Secondary recovery operations involve certain risks, especially the use of water flooding techniques. Magnum Hunter's inventory of development prospects includes waterflood projects. With respect to Magnum Hunter's properties located in the Permian Basin, Magnum Hunter has identified significant potential expenditures related to further developing existing waterfloods, which will likely be incurred by the combined company following the merger. Waterflooding involves significant capital expenditures and uncertainty as to the total amount of recoverable secondary reserves. In waterflood operations, there is generally a delay between the initiation of water injection into a formation containing hydrocarbons and any increase in production. The operating cost per unit of production of waterflood projects is generally higher during the initial phases of these projects due to the purchase of injection water and related production enhancement costs. Costs are also higher during the later stages of the life of the project as production declines. The degree of success, if any, of any secondary recovery program depends on a large number of factors, including the amount of primary production, the porosity and permeability of the formation, the technique used, the location of injector wells and the spacing of both producing and injector wells.

***The combined company will attempt to economically hedge its oil and gas production.***

Periodically, Magnum Hunter has entered into derivative transactions to reduce the effects of fluctuations in crude oil and natural gas prices on its future cash flows. At February 14, 2005, Magnum Hunter had approximately 43% of its natural gas production and approximately 17% of its crude oil production hedged through December 31, 2005. In addition, at February 14, 2005, Magnum Hunter had approximately 11% of its natural gas production and approximately 8% of its crude oil production hedged for calendar year 2006. The combined company may succeed to derivative instruments with terms expiring after the closing of the merger. Derivative instruments, while intended to reduce sensitivity to changes in market prices of oil and gas, are subject to a number of risks including instances in which the combined company or the counterparties to its derivative contracts fail to perform. Additionally, the fixed price sales and derivative contracts limit the benefits the combined company will realize if actual prices rise above the contract prices. Most of Magnum Hunter's derivative contracts are in the form of collars, which limit the benefit Magnum Hunter or the combined company would otherwise receive if actual prices exceed the upper end of the collars.

***The combined company's business will involve many operating risks that may result in substantial losses for which insurance may be unavailable or inadequate.***

The combined company's operations will be subject to hazards and risks inherent in drilling for oil and gas, such as fires, natural disasters, explosions, formations with abnormal pressures, casing collapses, uncontrollable flows of underground gas, blowouts, surface cratering, pipeline ruptures or cement failures, and environmental hazards such as natural gas leaks, oil spills and discharges of toxic gases. Any of these risks can cause substantial losses resulting from injury or loss of life, damage to or destruction of property, natural resources and equipment, pollution and other environmental damages, regulatory investigations and penalties, suspension of operations and repair and remediation costs. In addition, the combined company's liability for environmental hazards may include conditions created by the previous owners of properties that the combined company purchases or leases.

Each of Cimarex and Magnum Hunter currently maintains, and following the merger the combined company will maintain, insurance coverage against some, but not all, potential losses. We do not believe that insurance coverage for all environmental damages that could occur is available at a reasonable

cost. Losses could occur for uninsurable or uninsured risks, or in amounts in excess of existing insurance coverage. The occurrence of an event that is not fully covered by insurance could harm the combined company's financial condition and results of operations.

***Exploratory drilling is an uncertain process with many risks.***

Exploratory drilling involves numerous risks, including the risk that the combined company will not find any commercially productive natural gas or oil reservoirs. The cost of drilling, completing and operating wells is often uncertain, and a number of factors can delay or prevent drilling operations, including:

unexpected drilling conditions;

pressure or irregularities in formations;

equipment failures or accidents;

adverse weather conditions;

compliance with governmental requirements; and

shortages or delays in the availability of drilling rigs or in the delivery of equipment.

The combined company's future drilling activity may not be successful, and its overall drilling success rate, or its drilling success rate for activity within a particular area, may decline. Unsuccessful drilling activities could have a material effect on the combined company's results of operations and financial condition. Also, the combined company may not be able to obtain any options or lease rights in potential drilling locations that it identifies. Although we have identified numerous potential drilling locations, we cannot be sure that we will ever drill them or that we will produce natural gas or oil from them or any other potential drilling locations.

***The combined company's acquisition activities may not be successful, which may hinder its replacement of reserves and adversely affect its results of operations.***

Cimarex regularly evaluates opportunities and at times engages in bidding and negotiating for acquisitions, some of which are substantial, and expects to continue this activity following the merger. Under certain circumstances, the combined company may pursue acquisitions of businesses that complement or expand our current business and acquisition and development of new exploration prospects that complement or expand our prospect inventory. The combined company may not be successful in identifying or acquiring any material property interests, which could hinder it in replacing its reserves and adversely affect its financial results and rate of growth. Even if it does identify attractive opportunities, the combined company may not be able to complete the acquisition of the business or prospect on commercially acceptable terms. If it does complete an acquisition, the combined company must anticipate difficulties in integrating the acquired company's operations, systems, technology, management and other personnel. These difficulties may disrupt the combined company's ongoing operations, distract management and employees and increase expenses.

***Competition for experienced, technical personnel may negatively impact the combined company's operations.***

The combined company's exploratory and development drilling success will depend, in part, on its ability to attract and retain experienced professional personnel. The loss of any key executives or other key personnel could have a material adverse effect on the combined company's operations. The combined company's future profitability will depend, at least in part, on its ability to attract and retain qualified personnel, particularly individuals with a strong background in geology, geophysics, engineering and operations.

**Risks Relating to the Combined Company's Indebtedness Following the Merger**

*The combined company's debt may limit its financial flexibility.*

On a pro forma basis, the combined company had total long-term debt of approximately \$666 million as of September 30, 2004. This includes the \$195 million of 9.6% senior notes due 2012 and \$125 million of floating rate convertible senior notes due 2023 issued by Magnum Hunter, as well as borrowings under Magnum Hunter's credit facility and borrowings under Cimarex's credit facility (no amounts were outstanding under Cimarex's credit facility as of September 30, 2004). The combined company may incur additional debt from time to time in connection with the financing of operations, acquisitions, recapitalizations and refinancings. The level of the combined company's debt and the senior, as opposed to subordinated, status of the 9.6% senior notes and the convertible senior notes could have several important effects on future operations, including, among others:

a significant portion of the combined company's cash flow from operations will be applied to the payment of principal and interest on the debt and will not be available for other purposes;

credit-rating agencies have changed with respect to Magnum Hunter, and may change in the future with respect to the combined company, their ratings of that entity's debt and other obligations, which in turn impacts the costs, terms and conditions and availability of financing;

covenants contained in the combined company's existing and future debt arrangements will require the combined company to meet financial tests that may affect its flexibility in planning for and reacting to changes in its business, including possible acquisition opportunities;

the combined company's ability to obtain additional financing for capital expenditures, acquisitions, general corporate and other purposes may be limited or burdened by increased costs or more restrictive covenants;

the combined company may be at a competitive disadvantage to similar companies that have less debt;

the combined company's vulnerability to adverse economic and industry conditions may increase; and

the combined company may face limitations on its flexibility to plan for and react to changes in its business and the industries in which it operates.

The 9.6% senior notes cannot be redeemed until March 2007, and then only at a premium, and the convertible senior notes cannot be redeemed until December 2008. In addition, the convertible senior notes must be redeemed on specified dates at the option of the holders of those notes. These provisions further limit the combined company's financial flexibility because the notes cannot be refinanced before their applicable redemption dates, and any required redemption of the convertible senior notes may occur at a time that is financially disadvantageous to the combined company.

*The merger will allow holders of Magnum Hunter's outstanding notes to sell those notes back to Magnum Hunter, which may require Magnum Hunter or the combined company to expend substantial amounts of cash.*

A change of control, as defined under the indentures relating to Magnum Hunter's \$195 million 9.6% senior notes due 2012 and \$125 million floating rate convertible senior notes due 2023 entitles the holders to sell those notes to Magnum Hunter under the applicable indenture at a price equal to 101% and 100% of their principal amount, respectively, plus accrued interest. We call this right the put right. The merger qualifies as a change of control for purposes of these provisions. Notice of the merger must be delivered within 30 days following the closing of the merger. The put right may be exercised within 30-45 days following delivery of notice of the merger. If the holders of Magnum

Hunter's notes exercise their rights under these provisions, Magnum Hunter or the combined company will be required to spend a significant amount of cash to satisfy these obligations. If all outstanding notes are sold back to Magnum Hunter, the total repurchase costs, as of December 31, 2004, would have been approximately \$327.6 million. Cash that is required to meet Magnum Hunter's obligations under these provisions will not be available to Magnum Hunter or the combined company for other purposes.

***Failure to fund continued capital expenditures could adversely affect results of the combined company.***

The combined company will be required to expend capital necessary to replace its reserves and to maintain or increase production levels. Cimarex and Magnum Hunter expect that the combined company will continue to make capital expenditures for the acquisition, exploration and development of oil and gas reserves. Historically, Cimarex has financed these expenditures primarily with cash flow from operations. Cimarex and Magnum Hunter believe that, after considering the amount of the combined company's debt (see "Unaudited Pro Forma Condensed Combined Financial Statements" on page 154), the combined company will have sufficient cash flow from operations, available drawings under its credit facilities and other debt financings to fund capital expenditures. However, if the combined company's cash flow from operations is not sufficient to satisfy its capital expenditure requirements, additional debt or equity financing or other sources of capital may not be available to meet these requirements. Should the industries in which the combined company operates experience price declines or other adverse market conditions, the combined company may not be able to generate sufficient cash flow from operations to meet its obligations and fund planned capital expenditures. If the combined company is not able to fund its capital expenditures, its interests in some of its properties may be reduced or forfeited and its future cash generation may be materially adversely affected as a result of the failure to find and develop reserves.

***The indenture for Magnum Hunter's 9.6% senior notes imposes restrictions that will limit the combined company's discretion in operating its business and that could impair the combined company's ability to repay its obligations.***

The indenture governing Magnum Hunter's \$195 million 9.6% senior notes due 2012 imposes various restrictive covenants on Magnum Hunter. These restrictions will continue to apply to Magnum Hunter as the surviving corporation following the merger. In particular, these covenants will limit the combined company's ability to, among other things:

incur additional debt;

make restricted payments, including paying dividends on, redeeming or repurchasing capital stock;

make investments or acquisitions;

grant liens on assets;

sell assets;

engage in transactions with affiliates; and

merge, consolidate or transfer substantially all of its assets.

These restrictive covenants may limit the discretion of the combined company's management in operating its business and could impair the combined company's ability to repay its obligations. In addition, if Magnum Hunter fails to comply with these restrictive covenants, the holders of the notes could declare all principal and interest amounts then owing on the notes to be immediately due and payable. Upon any such acceleration of payment obligations on the notes, the combined company may not have or be able to obtain sufficient cash to meet the accelerated obligations. This could have

serious consequences to the combined company's financial condition and could cause it to become bankrupt or insolvent.

#### **Risks Relating to the Combined Company's Common Stock**

***The market price of the shares of Cimarex common stock and the results of operations of the combined company after the merger may be affected by factors different from those affecting Cimarex or Magnum Hunter currently.***

The businesses of Cimarex and Magnum Hunter differ in some respects and, accordingly, the results of operations of the combined company and the market price of the combined company's shares of common stock may be affected by factors different from those currently affecting the independent results of operations and market prices of Cimarex or Magnum Hunter separately. For a discussion of the businesses of Cimarex and Magnum Hunter and factors to consider in connection with those businesses, see the documents incorporated by reference in this document and referred to under "Where You Can Find More Information" on page 184.

***The market value of Cimarex's common stock could decline if large amounts of its common stock are sold following the merger.***

Following the merger, stockholders of Cimarex and former stockholders of Magnum Hunter will own interests in a combined company operating an expanded business with more assets and a different mix of liabilities. Current stockholders of Cimarex and Magnum Hunter may not wish to continue to invest in the additional operations of the combined company, or for other reasons may wish to dispose of some or all of their interests in the combined company. If, following the merger, large amounts of Cimarex's common stock are sold, the price of its common stock could decline.

***Cimarex has never paid cash dividends on its common stock.***

Cimarex has not previously paid any cash dividends on its common stock and Cimarex does not anticipate paying cash dividends on its common stock following the merger. Cimarex intends to reinvest all available funds for the development and growth of its business. In addition, the indenture governing Magnum Hunter's 9.6% senior notes due 2012 restricts the payment of cash dividends by Magnum Hunter.

***The combined company will have the ability to issue additional equity securities, which would lead to dilution of its issued and outstanding common stock.***

The issuance of additional equity securities or securities convertible into equity securities would result in dilution of then-existing stockholders' equity interests in the combined company. Cimarex's board of directors has the authority to issue, without stockholder approval, 15 million shares of preferred stock in one or more series, and has the ability to fix the rights, preferences, privileges and restrictions of any such series. Any such series of preferred stock could contain dividend rights, conversion rights, voting rights, terms of redemption, redemption prices, liquidation preferences or other rights superior to the rights of holders of Cimarex's common stock. Cimarex currently has no shares of preferred stock outstanding, and Cimarex's board of directors has no present intention of issuing any preferred stock, but Cimarex's intentions may change in the future. In addition, Cimarex is authorized to issue, without stockholder approval, up to 100 million shares of common stock, of which Cimarex and Magnum Hunter expect approximately 78.1 million shares will be outstanding immediately following the closing of the merger. At its special meeting, Cimarex will ask its stockholders to approve an increase in the number of authorized shares of common stock to 200 million. Cimarex is also authorized to issue, without stockholder approval, securities convertible into shares of common stock or preferred stock.

***The combined company will have outstanding convertible notes which are convertible into Cimarex common stock.***

Magnum Hunter has issued \$125 million of convertible senior notes that have a final maturity of 2023. The interest rate on the convertible senior notes is a floating interest rate based on three-month LIBOR, which as of September 30, 2004 was 1.88%. These notes will remain obligations of Magnum Hunter following the merger. The convertible notes will be convertible into a combination of cash and common stock of Cimarex upon the happening of certain events, including the merger. This means that holders of these notes will be able to convert the notes immediately following the merger. In general, upon conversion of a convertible note, the holder would receive cash equal to the principal amount of the convertible note and Cimarex common stock for the convertible note's conversion value in excess of the principal amount plus accrued interest. The number of shares of Cimarex common stock into which the convertible notes are convertible will depend upon the conversion value in excess of the principal amount of the convertible notes and Cimarex's common stock price at the time of the conversion. Any such conversion will be dilutive to Cimarex's then-existing stockholders.

***The combined company may have outstanding warrants which are exercisable for shares of its common stock.***

As of January 24, 2005, Magnum Hunter had outstanding warrants to purchase 7,228,457 shares of Magnum Hunter common stock at an exercise price of \$15 per share, which expire on March 21, 2005. In connection with the merger, Cimarex will assume any of these warrants that are still outstanding as of the effective time of the merger. If all of the warrants were then outstanding, they would become exercisable for 2,999,809 shares of Cimarex common stock. Any exercise of these warrants will be dilutive to Cimarex's stockholders.

***Cimarex's certificate of incorporation, bylaws and stockholder rights plan and Delaware law include provisions that could discourage an unsolicited corporate takeover and could prevent stockholders from realizing a premium on their investment.***

The amended and restated certificate of incorporation and bylaws of Cimarex provide for a classified board of directors with staggered terms, restrict the ability of stockholders to take action by written consent and prevent stockholders from calling a meeting of the stockholders. The amended and restated certificate of incorporation and the bylaws may make it difficult for stockholders to replace or remove the combined company's management. These provisions may facilitate management entrenchment and may have the effect of delaying, deferring or preventing a change in control of Cimarex, even if the change in control might be beneficial to Cimarex stockholders.

Cimarex also has adopted a stockholder rights plan which may have anti-takeover effects. The stockholder rights plan is designed to protect Cimarex's stockholders in the event of unsolicited offers to acquire Cimarex and other coercive takeover tactics that, in the opinion of Cimarex's board of directors, could impair the board's ability to represent stockholder interests. The stockholder rights plan might render an unsolicited takeover more difficult or less likely to occur, even though such a takeover might offer Cimarex's stockholders the opportunity to sell their stock at a price above the prevailing market price and may be favored by Cimarex's stockholders.

Some of these provisions are not included in Magnum Hunter's current governing documents. In addition, Section 203 of the General Corporation Law of the State of Delaware may limit the ability of an interested stockholder to engage in business combinations with the combined company. An interested stockholder is defined to include persons owning 15% or more of the outstanding voting stock without the approval of the board of directors of the combined company. Magnum Hunter is currently governed by the Nevada Revised Statutes, which contain limitations on interested stockholder business combinations which differ in some respects from those under Delaware law.

**THE COMPANIES**

**Cimarex**

***General***

Cimarex is an independent oil and gas exploration and production company. Cimarex's principal areas of operations are located in Oklahoma, Texas, Kansas, and Louisiana.

At December 31, 2003, proved reserves totaled 422.2 Bcfe consisting of 337.3 Bcf of gas and 14.1 million barrels of oil. Of total proved reserves, 80 percent are gas and more than 99 percent are classified as proved developed. Cimarex operates the wells that account for 65 percent of its total proved reserves and production.

Approximately 39 percent of Cimarex's proved reserves are located in Oklahoma. Properties situated in Texas and Kansas comprised 25 percent and 20 percent of total proved reserves, respectively. Cimarex has active exploration and development programs underway in each of those states as well as in Louisiana, California, New Mexico and Mississippi.

Cimarex was formed in February 2002 as a wholly owned subsidiary of Helmerich & Payne, Inc., referred to as H&P. In July 2002, H&P contributed its oil and gas exploration and production assets and the common stock of its gas marketing subsidiary to Cimarex. On September 30, 2002, H&P distributed in the form of a dividend to H&P stockholders approximately 26.6 million shares of Cimarex common stock. As a result, Cimarex was spun off and became a stand-alone company. Also on September 30, Cimarex acquired Key Production Company, Inc., referred to as Key, in a stock-for-stock transaction whereby each of Key's 14.1 million outstanding common shares was exchanged for Cimarex common stock on a one-for-one basis. Key continues to conduct exploration and development activities as a wholly owned subsidiary of Cimarex.

Cimarex is comprised primarily of an exploration and production segment, but because it markets third party gas incidental to the sale of its own production, it also reports in its footnotes segment information for natural gas marketing. For a discussion of financial information about the two segments of Cimarex, see Note 13 of Notes to Consolidated Financial Statements contained in Cimarex's most recent Annual Report on Form 10-K, which has been incorporated by reference into this joint proxy statement/prospectus.

Corporate headquarters are located at 1700 Lincoln Street, Suite 1800, Denver, Colorado 80203-4518, telephone (303) 295-3995. Principal operations offices are at 15 East 5th Street, Suite 1000, Tulsa, Oklahoma 74103, telephone (918) 585-1100. Cimarex's common stock is listed on the NYSE and trades under the symbol "XEC."

***Business Approach***

Cimarex's approach to the business is fundamentally driven by seeking to achieve consistent profitable growth in proved reserves and production by conducting a continually expanding drilling program. To supplement its growth, from time to time Cimarex also considers acquisitions and mergers. To implement these strategies, Cimarex seeks to:

Generate its own drilling inventory by maintaining a highly qualified staff of geoscientists;

Maintain a balanced portfolio of prospects that is underpinned by a predominant mixture (70-90 percent of total capital) of low-to-moderate risk drilling prospects combined with a smaller proportion of higher risk/higher potential projects;

Mitigate exploration risk by operating in multiple basins, which provides both geologic and geographic diversification to Cimarex's drilling program;



Maintain operational control of its drilling and production activities;

Closely monitor the production performance of its existing properties and constantly evaluate the potential to increase production rates and enhance ultimate recoveries through workovers, recompletions and operational efficiencies;

Evaluate the economic and strategic attractiveness of acquisition and merger opportunities; and

Maintain financial flexibility and an appropriate capital structure.

### ***Exploration and Development***

Exploration and development activities are focused in western Oklahoma and the upper Gulf Coast areas of Texas and south Louisiana. Cimarex also has smaller projects underway in Kansas, the Hardeman Basin of north Texas, the Permian Basin of west Texas and southeast New Mexico, the Mississippi Salt Basin and the northern San Joaquin Valley of California.

For each of its core exploration areas, Cimarex has assembled integrated teams of landmen, geoscientists and petroleum engineers, who base their drilling decisions on detailed analysis of the potential reserves, expected costs, future net cash flow and risks associated with individual wells and programs. Through its centralized exploration management system, Cimarex measures actual results and provides continuous feedback about them to the respective exploration teams in order to help them improve and refine future investment decisions.

Cimarex participated in drilling 178 gross wells during 2003, with an overall success rate of 81 percent. On a net basis, 73 of 97 total wells drilled during 2003 were successful.

Cimarex's 2003 exploration and development expenditures totaled \$161 million and resulted in 78.2 Bcfe of proved reserve additions. Of total expenditures, 60 percent (\$97 million) was invested in projects located in the mid-continent area of the U.S., including Oklahoma, Kansas and north Texas. Approximately 30 percent, or \$48 million, was directed toward prospects located along the Gulf Coast of Texas and Louisiana.

## **Magnum Hunter**

### ***General***

Magnum Hunter was organized in 1989 as a Nevada corporation. Magnum Hunter is an independent energy company engaged in the exploration, exploitation and development, acquisition and operation of oil and gas properties with a geographic focus in the Mid-Continent Region, Permian Basin Region, Gulf Coast Region and the Gulf of Mexico. Magnum Hunter's management has implemented a business strategy that emphasizes the acquisition of long-lived proved reserves with significant exploitation and development opportunities where Magnum Hunter generally can control the operations of the properties.

As part of this strategy, from 1996 through 2003, Magnum Hunter acquired significant properties from Burlington Resources Inc., Spirit Energy 76, a business unit of Union Oil Company of California, Vastar Resources, Inc. and Mallon Resources Corporation. On March 15, 2002, Magnum Hunter acquired Prize Energy Corp., referred to as Prize, which was merged into one of Magnum Hunter's wholly owned subsidiaries. Prize was a publicly traded independent oil and gas company engaged primarily in the acquisition, enhancement and exploitation of producing oil and gas properties. Prize owned oil and gas properties principally located in three core operating areas, which were in the Permian Basin of West Texas and Southeastern New Mexico, the onshore Gulf Coast area of Texas and Louisiana and the Mid-Continent area of Oklahoma and the Texas Panhandle. Over 80% of Prize's oil and gas property base was located in Texas. In addition to its focus on selected exploratory drilling prospects in the Gulf of Mexico as described below, Magnum Hunter concentrates its efforts on

additional producing property acquisitions strategically located within its geographic area of operations. Magnum Hunter also develops its substantial inventory of drilling and workover opportunities located onshore.

Additionally, Magnum Hunter owns and operates five gas gathering systems covering over 480 miles and a 50% or greater ownership interest in four natural gas processing plants that are located adjacent to certain company-owned and operated producing properties within the states of Texas, Oklahoma and Arkansas.

At December 31, 2003, Magnum Hunter had an interest in 5,591 wells and had estimated proved reserves of 838.4 Bcfe. Approximately 75% of these reserves were proved developed reserves with a geographic breakdown as follows:

35% attributable to the Mid-Continent Region;

46% attributable to the Permian Basin Region;

8% attributable to the Gulf Coast Region; and

11% attributable to the Gulf of Mexico.

At December 31, 2003, Magnum Hunter's proved reserves had an estimated reserve life of approximately 10 years and were 59% natural gas. Magnum Hunter serves as operator for approximately 79% of its properties, based on the gross number of wells in which it owns an interest.

### ***Business Strategy***

Magnum Hunter's overall strategy is to increase its reserves, production, cash flow and earnings, utilizing a properly balanced program of:

selective exploration;

the exploitation and development of acquired properties; and

strategic acquisitions of additional proved reserves.

The following are key elements of Magnum Hunter's strategy:

*Exploration.* Magnum Hunter participates in drilling Gulf of Mexico exploratory wells in an effort to add higher-output production to its reserve mix, especially during high commodity price periods. The continued use of 3-D seismic information as a tool in Magnum Hunter's exploratory drilling in the Gulf of Mexico will be significant. Over the last three years, Magnum Hunter has built a significant inventory of undrilled offshore lease blocks. Magnum Hunter has aligned itself with other active Gulf of Mexico industry partners who have similar philosophies and goals with respect to a "fast track" program of placing new production online. This typically involves drilling wells near existing infrastructure such as production platforms, facilities and pipelines. Magnum Hunter also maintains an active onshore exploration program primarily concentrated in West Texas and Southeastern New Mexico where it has various other operations in core areas. From time to time, Magnum Hunter participates in higher-risk new exploration projects generated by third parties in areas along the Gulf Coast of Texas and Louisiana.

*Exploitation and Development of Existing Properties.* Magnum Hunter seeks to maximize the value of its existing properties through development activities including in-fill drilling, waterflooding and other enhanced recovery techniques. Typically, Magnum Hunter's exploitation projects do not have significant time limitations due to the existing mineral acreage being held by current production. By operating substantially all of its properties, Magnum Hunter's management is provided maximum flexibility with respect to the timing of capital expended to develop these opportunities.



*Property Acquisitions.* Although it currently has an extensive inventory of exploitation and development opportunities, Magnum Hunter has pursued, and may continue to pursue, strategic acquisitions which fit its objectives of increasing proved reserves in similar geographic regions that contain development or exploration potential combined with maintaining operating control. Magnum Hunter has pursued an acquisition strategy of acquiring long-lived assets where operating synergies may be obtained and production enhancements, either on the surface or below ground, may be achieved.

*Management of Overhead and Operating Costs.* Magnum Hunter emphasizes strict cost controls in all aspects of its business and seeks to operate its properties wherever possible, utilizing a minimum number of personnel. By operating the substantial majority of its properties, Magnum Hunter will generally be able to control direct operating and drilling costs as well as to manage the timing of development and exploration activities. This operating control also provides greater flexibility as to the timing requirements to fund new capital expenditures. By strictly controlling general and administrative expenses, Magnum Hunter's management strives to maximize its net operating margin.

**THE CIMAREX SPECIAL MEETING**

Cimarex is furnishing this joint proxy statement/prospectus to its common stockholders in connection with the solicitation of proxies by the Cimarex board of directors for use at the special meeting of its stockholders. This joint proxy statement/prospectus and form of proxy will be mailed to Cimarex stockholders on approximately \_\_\_\_\_, 2005.

**The board of directors of Cimarex, by unanimous vote of the directors present at their meeting:**

**has determined that the merger agreement and the transactions contemplated thereby, including the merger, are fair to, and in the best interests of, Cimarex and its stockholders;**

**has approved and adopted the merger agreement and approved the merger and the other transactions contemplated thereby; and**

**recommends that the stockholders of Cimarex vote "FOR" approval of the issuance of shares of Cimarex common stock in connection with the merger.**

Before the special meeting, Cimarex plans to ask its board of directors to approve and recommend that Cimarex stockholders approve the proposed amendments to the Cimarex charter and the Cimarex incentive plan that are described below.

**Date; Place and Time**

The Cimarex special meeting is scheduled to be held at \_\_\_\_\_, on \_\_\_\_\_, 2005, at \_\_\_\_\_ p.m. local time.

**Purpose of the Special Meeting**

The purpose of the Cimarex special meeting is to consider and vote upon:

the issuance of shares of Cimarex common stock in connection with the merger agreement, dated as of January 25, 2005, as amended on February 18, 2005, by and among Cimarex, Magnum Hunter and Merger Sub, a wholly owned subsidiary of Cimarex, under which Merger Sub will be merged with and into Magnum Hunter;

a proposal to amend the Cimarex charter to increase the number of authorized shares of common stock from 100 million shares to 200 million shares;

a proposal to amend the Cimarex charter to increase the maximum size of the board of directors from nine to ten directors;

a proposal to amend the Cimarex incentive plan to increase the number of shares authorized for issuance under the plan from seven million shares to 12.7 million shares and make other changes to the Cimarex incentive plan as discussed under the caption "Other Proposals to Be Presented at the Cimarex Special Meeting Proposal to Amend the Cimarex Incentive Plan" on page 149; and

to the extent permitted under the merger agreement, such other matters as may be appropriate for consideration at the special meeting.

Approval of the proposal to issue Cimarex common stock in the merger is a condition to the closing of the merger. Approval of the proposals to amend the Cimarex charter and the Cimarex incentive plan is not a condition to the closing of the merger. Neither of the proposed amendments to the Cimarex charter will be effected unless the merger takes place. The proposed amendment to the Cimarex incentive plan will

be effected whether or not the merger closes.

**Record Date; Stock Entitled to Vote; Quorum**

Cimarex stockholders of record as of the close of business on \_\_\_\_\_, 2005, the record date for the special meeting, are entitled to receive notice of and to vote at the special meeting. Cimarex's common stock is the only class of voting securities of Cimarex. On the record date, there were \_\_\_\_\_ shares of Cimarex common stock outstanding and entitled to vote at the special meeting.

Each share of common stock you own as of the \_\_\_\_\_, 2005 record date entitles you to one vote. The number of shares you own is shown on your proxy card beneath and to the right of your name.

In order to conduct business at the special meeting, Cimarex must have a quorum. This means that greater than 50% of the outstanding shares of common stock as of the close of business on the \_\_\_\_\_, 2005 record date must be represented in person or by proxy at the special meeting. Abstentions and broker non-votes are counted as present for establishing a quorum. Broker non-votes occur when a broker returns a proxy but does not have authority to vote on a particular proposal. If a quorum is not present at the meeting, a vote for adjournment will be taken among the stockholders present or represented by proxy. If a majority of the stockholders present or represented by proxy vote for adjournment, it is Cimarex's intention to adjourn the special meeting until a later date and to vote proxies at the adjourned meeting.

**Vote Required**

The affirmative vote of a majority of the votes cast in person or by proxy and entitled to vote at the Cimarex special meeting is required to approve the issuance of shares of Cimarex common stock in connection with the merger and the proposed amendment to the Cimarex incentive plan. The affirmative vote of a majority of the outstanding shares of Cimarex common stock as of the record date of the Cimarex special meeting is required to approve each of the proposed amendments to the Cimarex charter.

Abstentions may be specified with respect to the proposal by properly marking the "ABSTAIN" box on the proxy for that proposal or by making the same election by telephone or Internet voting. Abstentions, broker non-votes and failures to vote will not affect the outcome of the vote on the proposals to issue shares in the merger or amend the Cimarex incentive plan, since they will not be counted as votes either for or against these proposals. Abstentions, broker non-votes and failures to vote will count as votes against each of the proposals to amend the Cimarex charter.

Continental Stock Transfer & Trust Company, New York, New York, Cimarex's stock transfer agent, will receive proxies and ballots, tabulate the vote, determine whether a quorum exists and serve as inspector of election at the special meeting.

**Share Ownership of Cimarex Directors, Executive Officers and Significant Stockholders**

At the close of business on the record date and excluding shares underlying options and restricted stock, Cimarex's directors and executive officers and their affiliates may be deemed to be the beneficial owners of, and have the power to vote, \_\_\_\_\_ shares of Cimarex common stock, representing approximately \_\_\_\_\_ % of the then outstanding shares of Cimarex common stock entitled to vote at the Cimarex special meeting. Cimarex believes that each of its directors and executive officers intends to vote "FOR" the approval of the issuance of shares of Cimarex common stock in the merger, "FOR" each proposed amendment to the Cimarex charter and "FOR" the proposed amendment to the Cimarex incentive plan.

### **Voting of Proxies**

Cimarex provides several options for Cimarex stockholders to cast their vote. You may attend the meeting and vote in person or you can vote in any one of the following three ways:

by telephone by following the instructions on either the enclosed proxy card or voting instruction form; or

on the Internet by following the instructions on the enclosed proxy card; or

by signing and returning the proxy card in the enclosed postage paid envelope.

Shares of Cimarex common stock represented by properly executed proxies received before the special meeting will be voted at the special meeting in the manner specified on the proxies. Physical proxies that are properly executed and timely submitted but which do not contain specific voting instructions will be voted "FOR" each of the proposals presented at the Cimarex special meeting.

Cimarex stockholders whose shares are held in "street name" (i.e., in the name of a broker, bank or other record holder) must either direct the record holder of their shares as to how to vote their shares or obtain a proxy from the record holder to vote at the special meeting. If you do not provide voting instructions (commonly referred to as "broker non-votes"), your shares will be counted for purposes of determining the presence or absence of a quorum for the transaction of business, but will not be voted in favor of any of the proposals presented at the Cimarex special meeting. Broker non-votes will be considered as abstentions and will not affect the outcome of the vote to approve the issuance of Cimarex common stock in the merger or the proposed amendment to the Cimarex incentive plan, since they will not be counted as votes either for or against the proposal. Broker non-votes will be counted as votes against each proposed amendment to the Cimarex charter.

Cimarex stockholders may receive more than one proxy or voting card depending on how they hold their shares. If you hold shares through someone else, such as a stockbroker, you may receive material from them asking how you want to vote your shares. Please vote each proxy you receive.

If you are a participant in the Cimarex Energy Co. 401(k) Plan, you will receive a proxy card for the Cimarex shares you own through the 401(k) Plan. That proxy card will serve as a voting instruction card for the trustee of the 401(k) Plan, and your 401(k) Plan shares will be voted as you instruct. If you do not sign and return your voting instruction card to indicate your instructions, the 401(k) Plan trustee will vote your 401(k) Plan shares in the same proportion as the shares voted by other plan participants.

### **Revoking Your Proxy**

Cimarex recommends you vote by proxy even if you plan to attend the meeting. You may always change your vote at the meeting. If you hold shares through a bank, broker or other nominee and would like to attend the special meeting and vote in person, you will need to bring an account statement as of the close of business on \_\_\_\_\_, 2005. Alternatively, you may contact the person in whose name your shares are registered and obtain a proxy and bring it to the special meeting.

Cimarex stockholders may revoke their proxy before it is voted by submitting a new proxy with a later date (either by telephone, on the Internet, or by returning a new proxy card), by voting in person at the meeting, or by notifying Cimarex's Assistant Corporate Secretary in writing at 1700 Lincoln Street, Suite 1800, Denver, Colorado 80203-4518.

Attending the special meeting will not by itself revoke your proxy. To do so, you must vote in person at the meeting. If you have instructed your broker to vote your shares, you must follow your broker's directions in order to change your vote.



### Expenses of Solicitation

Cimarex will bear all costs of the solicitation of proxies, including the costs of printing and mailing this joint proxy statement/prospectus to Cimarex stockholders and reimbursements to brokerage firms and others for their expenses in forwarding proxy materials. In addition to solicitation by mail, solicitation of proxies may be made by certain officers and regular employees of Cimarex by mail, telephone or in person. Cimarex also has retained Georgeson Shareholder Communications, Inc. to aid in the solicitation of brokers, banks, intermediaries, and other institutional holders in the United States for a fee not to exceed \$15,000 plus out-of-pocket expenses.

### Miscellaneous

If a quorum is not present at the time the Cimarex special meeting is convened, or if for any other reason Cimarex believes that additional time should be allowed for the solicitation of proxies, Cimarex may adjourn the special meeting with or without a vote of the stockholders. If Cimarex proposes to adjourn the special meeting by a vote of the stockholders, the persons named in the enclosed form of proxy will vote all shares of Cimarex common stock for which they have voting authority in favor of an adjournment. Proxies voted against the proposal related to the issuance of Cimarex common stock in the merger will not be voted in favor of any adjournment of the special meeting for the purpose of soliciting additional proxies.

Cimarex does not expect that any matter not referred to in this joint proxy statement/prospectus will be presented for action at the Cimarex special meeting. If any other matters are properly brought before the special meeting, the persons named in the proxies will have discretion to vote on those matters according to their best judgment. The grant of a proxy will also confer discretionary authority on the persons named in the proxy as proxy appointees to vote in accordance with their best judgment on matters incidental to the conduct of the special meeting.

### THE MAGNUM HUNTER SPECIAL MEETING

Magnum Hunter is furnishing this joint proxy statement/prospectus to its common stockholders in connection with the solicitation of proxies by the Magnum Hunter board of directors for use at the special meeting of its stockholders. Magnum Hunter is also furnishing this joint proxy statement/prospectus to the holders of its Series A preferred stock to provide them with notice of the meeting as required by Nevada law. This joint proxy statement/prospectus will be mailed to Magnum Hunter common stockholders and Series A preferred stockholders, and the form of proxy will be mailed to Magnum Hunter common stockholders, on approximately \_\_\_\_\_, 2005.

#### **The board of directors of Magnum Hunter unanimously:**

**has determined that the merger agreement, the merger, in accordance with the terms of the merger agreement, and the other transactions contemplated thereby are fair to, and in the best interests of, Magnum Hunter and its stockholders;**

**has approved and adopted the merger agreement and approved the merger and the other transactions contemplated thereby; and**

**recommends that the stockholders of Magnum Hunter vote "FOR" approval of the merger agreement and the merger.**

#### **Date; Place and Time**

The Magnum Hunter special meeting is scheduled to be held at \_\_\_\_\_, on \_\_\_\_\_, 2005, at \_\_\_\_\_ a.m. local time.

### **Purpose of the Special Meeting**

The purpose of the special meeting is to consider and vote upon the merger agreement, dated as of January 25, 2005, as amended on February 18, 2005, by and among Cimarex, Magnum Hunter and Merger Sub, a wholly owned subsidiary of Cimarex, under which Merger Sub will be merged with and into Magnum Hunter, and, to the extent permitted under the merger agreement, such other matters as may be appropriate for consideration at the special meeting. Approval of this proposal is a condition to the closing of the merger.

### **Record Date; Stock Entitled to Vote; Quorum**

Holders of Magnum Hunter's common stock at the close of business on \_\_\_\_\_, 2005, the record date for the special meeting, are entitled to receive notice of and to vote at the special meeting. Magnum Hunter's common stock will be the only class of securities of Magnum Hunter entitled to vote on the proposal. On the record date, approximately \_\_\_\_\_ shares of common stock were issued and outstanding and entitled to vote at the special meeting. Holders of Magnum Hunter's Series A preferred stock at the close of business on \_\_\_\_\_, 2005, the record date for the special meeting, are entitled to receive notice of the special meeting but are not entitled to vote at the special meeting. Although Magnum Hunter's Series A preferred stock does not have voting rights with respect to the proposal, Nevada law requires Magnum Hunter to give the Series A preferred stockholders notice of the special meeting. Because all shares of Magnum Hunter's 1996 Series A convertible preferred stock are currently held by a wholly owned subsidiary of Magnum Hunter, they are not considered "outstanding" and are not entitled to vote on the proposal.

Owners of record of Magnum Hunter common stock on the record date are each entitled to one vote per share with respect to the approval of the merger agreement.

A quorum of Magnum Hunter stockholders is necessary to have a valid meeting of stockholders. The presence at the Magnum Hunter special meeting, in person or by proxy, of the holders of one-third of the outstanding shares of Magnum Hunter common stock will constitute a quorum. Abstentions and broker non-votes count as present for purposes of establishing a quorum. An abstention occurs when a stockholder attends a meeting, either in person or by proxy, but abstains from voting. A broker non-vote occurs on an item when a broker is not permitted to vote on that item without instructions from the beneficial owner of the shares and no instructions are given.

### **Vote Required**

The affirmative vote of the holders of at least a majority of the shares of Magnum Hunter common stock issued and outstanding and entitled to vote at the Magnum Hunter special meeting is required to approve the merger agreement and the merger. Abstentions may be specified with respect to the proposal by properly marking the "ABSTAIN" box on the proxy for that proposal. Abstentions, broker non-votes and failures to vote will have the effect of votes cast against the proposal.

### **Share Ownership of Magnum Hunter Directors, Executive Officers and Significant Stockholders**

At the close of business on the record date and excluding shares underlying options and warrants, Magnum Hunter's directors and executive officers and their affiliates may be deemed to be the beneficial owners of, and have the power to vote, \_\_\_\_\_ shares of Magnum Hunter common stock, representing approximately \_\_\_\_\_ % of the then outstanding shares of Magnum Hunter common stock entitled to vote at the Magnum Hunter special meeting. Magnum Hunter believes that each of its directors and executive officers intends to vote "FOR" the approval of the merger agreement and the merger.

On the date the merger agreement was executed, Gary C. Evans, Magnum Hunter's President and Chief Executive Officer, and Jacquelyn Evelyn Enterprises, Inc. a related stockholder, entered into a voting agreement with Cimarex. As of the date of the voting agreement, these stockholders beneficially owned and were entitled to vote, in the aggregate, 4,733,945 shares of Magnum Hunter common stock, which represented approximately 5.2% of the shares of Magnum Hunter common stock outstanding on that date. Under the voting agreement, these stockholders have agreed, among other things, to vote all of their shares of Magnum Hunter common stock in favor of the merger agreement, against any action or agreement that they would reasonably expect to result in a material breach of any covenant, representation, warranty or other obligation of Magnum Hunter under the merger agreement and against any other takeover proposal. The voting agreement is attached as *Annex E* to this joint proxy statement/prospectus.

### Voting of Proxies

Magnum Hunter provides several options for Magnum Hunter stockholders to cast their vote. You may attend the meeting and vote in person or you can vote in any one of the following three ways:

by telephone by following the instructions on either the enclosed proxy card or voting instruction form; or

on the Internet by following the instructions on the enclosed proxy card; or

by signing and returning the proxy card in the enclosed postage paid envelope.

Shares of Magnum Hunter common stock represented by properly executed proxies received before the special meeting will be voted at the special meeting in the manner specified on the proxies. Physical proxies that are properly executed and timely submitted but which do not contain specific voting instructions will be voted "FOR" the proposal presented at the Magnum Hunter special meeting.

Magnum Hunter stockholders whose shares are held in "street name" (i.e., in the name of a broker, bank or other record holder) must either direct the record holder of their shares as to how to vote their shares or obtain a proxy from the record holder to vote at the special meeting. If you do not provide voting instructions (commonly referred to as "broker non-votes"), your shares will be counted for purposes of determining the presence or absence of a quorum for the transaction of business, but will not be voted in favor of the proposal presented at the Magnum Hunter special meeting. Broker non-votes will be counted as votes against the approval of the merger agreement and the transactions contemplated thereby.

Magnum Hunter stockholders may receive more than one proxy or voting card depending on how they hold their shares. If you hold shares through someone else, such as a stockbroker, you may receive material from them asking how you want to vote your shares. Please vote each proxy you receive.

If you are a participant in the Magnum Hunter Resources, Inc. 401(k) Employee Stock Ownership Plan, the trustee of the plan's related trust will vote all shares of Magnum Hunter common stock held in trust, though you as a participant may direct the trustee regarding how to vote any shares allocated to your plan account. You will receive voting instructions from the trustee as to how to exercise your voting rights under the plan. If you do not exercise your right to vote the shares allocated to your plan account, the trustee will vote those shares in accordance with the terms of the plan and trust. Unallocated shares held by the trustee also will be voted by the trustee in accordance with the terms of the plan and trust.

If you are a participant in the Magnum Hunter, Inc. 2003 Bonus Deferral Plan, you will receive a proxy card for the Magnum Hunter shares that are credited to your bookkeeping account. That proxy card will serve as a voting instruction card for the Plan committee and those shares will be voted as

you instruct. If you do not sign and return your voting instruction card to the Plan committee, the Plan committee will direct the manner in which your shares are voted.

### **Revoking Your Proxy**

Magnum Hunter recommends you vote by proxy even if you plan to attend the meeting. You may always change your vote at the meeting. If you hold shares through a bank, broker or other nominee and would like to attend the special meeting and vote in person, you will need to bring an account statement as of the close of business on \_\_\_\_\_, 2005. Alternatively, you may contact the person in whose name your shares are registered and obtain a proxy and bring it to the special meeting.

Magnum Hunter stockholders may revoke their proxy before it is voted by submitting a new proxy card with a later date (either by telephone, on the Internet or by returning a new proxy card), by voting in person at the meeting, or by notifying Magnum Hunter's Secretary at 600 East Las Colinas Blvd., Suite 1100, Irving, Texas 75039.

Attending the special meeting will not by itself revoke your proxy. To do so, you must vote in person at the meeting. If you have instructed your broker to vote your shares, you must follow your broker's directions in order to change your vote.

### **Expenses of Solicitation**

Cimarex will bear the costs of printing this joint proxy statement/prospectus and Magnum Hunter will bear the costs of mailing this joint proxy statement/prospectus to Magnum Hunter stockholders and the costs of soliciting proxies from Magnum Hunter stockholders, including reimbursements to brokerage firms and others for their expenses in forwarding proxy materials. In addition to solicitation by mail, solicitation of proxies may be made by certain officers and regular employees of Magnum Hunter by mail, telephone or in person. Magnum Hunter also has retained Georgeson Shareholder Communications, Inc. to aid in the solicitation of brokers, banks, intermediaries, and other institutional holders in the United States for a fee not to exceed \$11,000 plus out-of-pocket expenses.

### **Miscellaneous**

If a quorum is not present at the time the Magnum Hunter special meeting is convened, or if for any other reason Magnum Hunter believes that additional time should be allowed for the solicitation of proxies, Magnum Hunter may adjourn the special meeting with or without a vote of the stockholders. If Magnum Hunter proposes to adjourn the special meeting by a vote of the stockholders, the persons named in the enclosed form of proxy will vote all shares of Magnum Hunter common stock for which they have voting authority in favor of an adjournment.

Magnum Hunter does not expect that any matter not referred to in this joint proxy statement/prospectus will be presented for action at the Magnum Hunter special meeting. If any other matters are properly brought before the special meeting, the persons named in the proxies will have discretion to vote on those matters according to their best judgment. The grant of a proxy will also confer discretionary authority on the persons named in the proxy as proxy appointees to vote in accordance with their best judgment on matters incidental to the conduct of the special meeting. Proxies voted against the proposal related to the merger will not be voted in favor of any adjournment of the special meeting for the purpose of soliciting additional proxies.

**Holders of Magnum Hunter common stock and Magnum Hunter Series A preferred stock should not send their stock certificates at this time. If the merger is completed, a separate letter of transmittal will be mailed to you, which will enable you to receive the appropriate consideration.**

## THE MERGER

*The following discussion summarizes the material terms of the merger. Stockholders should read the merger agreement, as amended, a copy of which is attached as Annex A to this joint proxy statement/prospectus and is incorporated into this joint proxy statement/prospectus by reference, carefully and in its entirety.*

### General

Cimarex, its wholly owned subsidiary Merger Sub, and Magnum Hunter have entered into a merger agreement under which Cimarex will acquire Magnum Hunter through the merger of Merger Sub with and into Magnum Hunter. Magnum Hunter will be the surviving corporation in the merger and, after the effective time of the merger, will continue as a wholly owned subsidiary of Cimarex.

Each holder of Magnum Hunter common stock will be entitled to receive 0.415 of a share of Cimarex common stock for each share of Magnum Hunter common stock held immediately before the effective time of the merger. This ratio is referred to in this joint proxy statement/prospectus as the exchange ratio. In the merger agreement, this ratio is called the conversion number.

At \_\_\_\_\_, 2005, there were outstanding \_\_\_\_\_ shares of Cimarex common stock. At \_\_\_\_\_, 2005, there were outstanding \_\_\_\_\_ shares of Magnum Hunter common stock, 80,000 shares of Magnum Hunter Series A preferred stock and 1,000,000 shares of Magnum Hunter 1996 Series A convertible preferred stock. Immediately before the effective time of the merger, Magnum Hunter will cause its wholly owned subsidiary to convert all shares of 1996 Series A convertible preferred stock into 790,476 shares of common stock. Cimarex and Magnum Hunter currently expect that Cimarex will issue up to approximately 36.3 million shares of Cimarex common stock to Magnum Hunter stockholders in the merger, excluding the 790,476 shares to be issued to the wholly owned subsidiary of Magnum Hunter. After the effective time of the merger, current stockholders of Magnum Hunter will own 46.4%, in the aggregate, of all of the issued and outstanding shares of the combined company's common stock, and current stockholders of Cimarex will own 53.6%, in the aggregate, of all issued and outstanding shares of the combined company's common stock. These numbers do not give effect to shares that may be issued upon exercise of outstanding Cimarex or Magnum Hunter stock options or Magnum Hunter warrants or upon conversion of Magnum Hunter convertible senior notes.

WE CANNOT ASSURE YOU THAT THE MARKET PRICE PER SHARE OF CIMAREX'S COMMON STOCK AFTER THE MERGER WILL BE EQUAL TO THE MARKET PRICE PER SHARE OF CIMAREX OR MAGNUM HUNTER COMMON STOCK BEFORE THE MERGER, OR THAT THE MARKETABILITY OF CIMAREX'S COMMON STOCK WILL IMPROVE OR REMAIN CONSISTENT WITH THE MARKETABILITY OF CIMAREX OR MAGNUM HUNTER COMMON STOCK BEFORE THE MERGER.

### Background of the Merger

On October 7, 2004, Magnum Hunter publicly announced that it had decided to investigate its strategic alternatives. The principal factor considered in reaching that decision was the potential for enhancement of stockholder value. Magnum Hunter's board and senior management shared the view that the company's stock market valuation was not entirely reflective of its underlying net asset value or future growth potential.

In order to accomplish a full and independent review of possible strategic alternatives available, Magnum Hunter's board of directors appointed a special committee comprised entirely of independent directors. Mr. Jerry Box, an independent director, was elected chairman of both the board and the committee.

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On October 11, 2004, the committee received proposals and formal presentations from five nationally recognized investment banking firms detailing their respective credentials and capabilities in providing the special committee financial advisory services with respect to the strategic alternatives review. On October 18, 2004, Magnum Hunter announced that Deutsche Bank and Merrill Lynch had been formally engaged as exclusive financial advisors to assist and advise the committee.

On October 14, 2004, the committee retained Thompson & Knight L.L.P. as its legal counsel.

In a meeting of Magnum Hunter's full board on November 10, 2004, the company's senior management made presentations regarding the company's current operations, assets and properties. Deutsche Bank and Merrill Lynch also discussed a range of strategic alternatives that Magnum Hunter could possibly consider.

Following the presentations and discussion among Magnum Hunter's full board, the senior management team, Thompson & Knight and the financial advisors, the board of directors voted unanimously to direct the financial advisors to contact entities that had expressed or might have strategic interest in either acquiring or combining with Magnum Hunter. The board also requested that the management team prepare a data room in which interested parties would have access to Magnum Hunter's financial, operating and legal records and information. The full board also voted unanimously to enlarge the special committee to include Magnum Hunter's board as a whole.

Following the November 10, 2004 board meeting, a total of 24 entities either contacted or were contacted by the financial advisors regarding expressions of interest in varying degrees in Magnum Hunter. Of the companies contacted, five, including Cimarex as noted below, executed confidentiality agreements.

On November 15, 2004, representatives of Magnum Hunter's financial advisors contacted Mr. Paul Korus, Vice-President and Chief Financial Officer of Cimarex. The telephonic conversation included a general discussion regarding the potential merits of a transaction between Magnum Hunter and Cimarex, an update of recent business developments at Magnum Hunter and the overall process and timing of indications of interest and offers. There was no discussion of specific deal terms or valuation parameters. Shortly after that discussion, Mr. Korus advised Mr. F.H. Merelli, the chairman and CEO of Cimarex, about the process (including data room review) and potential deal structures.

On the morning of November 16, 2004, Merrill Lynch contacted Mr. Merelli to further discuss the potential merits of a business combination, clarify the process and attempt to ascertain Cimarex's willingness to execute a confidentiality agreement that would permit Cimarex to obtain information about Magnum Hunter.

Cimarex's management and board had previously discussed from time to time the potential strategic benefits of expanding Cimarex's operations in the Permian Basin through transactions with companies already operating in that area that have sizeable acreage with exploration potential. Cimarex management and its board had also previously discussed strategies for initiating operations in the Gulf of Mexico that would entail gaining access to existing production operations, un-drilled acreage blocks and a team of geoscientists experienced with offshore operations.

In light of those considerations, and in a response to a contact by Merrill Lynch on behalf of Magnum Hunter, Cimarex had executed a time-limited confidentiality agreement with Magnum Hunter dated November 3, 2003. Magnum Hunter, through Merrill Lynch, had contacted Cimarex, together with approximately 40 other companies, to determine their respective level of interest in a potential transaction with Magnum Hunter. Four companies other than Cimarex entered into a confidentiality agreement but none of these discussions resulted in a transaction.

From November 2003 through February 2004, Mr. Merelli and certain members of Magnum Hunter's management team, including Mr. Evans, remained in occasional contact and Cimarex

conducted limited due diligence regarding Magnum Hunter. The nature of these discussions was generally related to Cimarex's management practices. Cimarex's interest at that time was limited to determining whether a combination should be pursued. Cimarex did not perform any valuation analysis, bring the possibility of a combination to its board's attention, engage financial or legal advisors, discuss any economic terms of a combination with Magnum Hunter or its advisors or submit a proposal to Magnum Hunter.

On November 23, 2004, Cimarex and Magnum Hunter executed an amendment to their November 2003 confidentiality agreement that extended the term for one year.

On November 23, 2004, Mr. Korus initiated a discussion with a representative of Petrie Parkman & Co. regarding Cimarex's interest in participating in the Magnum Hunter process and inquired about Petrie Parkman's availability to assist Cimarex as financial advisor.

In a letter dated November 29, 2004, Mr. Merelli formally advised Cimarex's board of management's interest in pursuing a potential opportunity with Magnum Hunter and its recommendation that Cimarex retain Petrie Parkman as its principal financial advisor. Also on November 29, Mr. Korus contacted Holme Roberts & Owen LLP, Cimarex's regular legal counsel, regarding their availability to act as legal advisor.

On December 1, 2004, Cimarex engaged Petrie Parkman as its principal financial advisor, subject to board approval.

On December 7, 2004, Cimarex's board held a regularly scheduled meeting, at which Mr. Merelli described Cimarex's interest in Magnum Hunter. He specifically highlighted the large Permian Basin position that Magnum Hunter owned, its well-established operations in the Gulf of Mexico and operations in western Oklahoma that overlapped those of Cimarex. Mr. Korus covered the proposed project timetable and process.

Also at that meeting, Petrie Parkman provided background information about the current market environment for mergers and acquisitions, a general description and history of Magnum Hunter's financial performance and comparative financial and operational statistics of Magnum Hunter and Cimarex. The board approved the engagement of Holme Roberts & Owen as legal advisor and Petrie Parkman as financial advisor for the potential transaction.

On December 2, 2004, Magnum Hunter's management and financial advisors began hosting companies in Magnum Hunter's data room located in Irving, Texas. Each of the five entities that executed confidentiality agreements visited the data room for two days, with the final visit occurring on December 17, 2004. Cimarex conducted its initial review of data room material on December 8 and 9, 2004.

On December 10, 2004, Magnum Hunter's board held a regularly scheduled meeting, at which the financial advisors updated the board on data room activities.

On December 22, 2004, Cimarex and two other entities that had visited the data room gave Magnum Hunter separate indicative non-binding expressions of interest in the potential acquisition of the company.

On December 23, 2004, Magnum Hunter's board met telephonically to review and discuss the three expressions of interest. Senior management, Thompson & Knight and the financial advisors attended. The financial advisors made a presentation detailing and comparing the expressions of interest. After review and discussion by all parties of the expressions of interest under various measures of value, Magnum Hunter's board voted unanimously to allow all three entities additional time to separately visit the data room for further review and to have the opportunity to submit board-approved, firm offers no later than January 6, 2005.

One of Cimarex's board members recused himself from participation on the Cimarex board throughout the negotiation process and the pendency of the closing of the merger, due to his service on the board of another oil and gas exploration and production company that could be viewed as a competitive bidder for Magnum Hunter.

On January 6, 2005, Cimarex offered an all-stock merger with an exchange ratio of 0.40 of a share of Cimarex common stock for each share of Magnum Hunter common stock, which, based on Cimarex's then recent trading price, equated to about \$15 per Magnum Hunter share, or a roughly 20 percent premium to Magnum Hunter's then current stock price.

Cimarex's initial proposal also included a mark-up of a preliminary merger agreement that had been provided by Magnum Hunter to all the entities expressing interest. Principal terms highlighted for further consideration by Magnum Hunter and its advisors included a \$50 million break-up fee, an accompanying allowance for up to \$5 million of associated costs and expenses related to a potential break up of a transaction under certain termination conditions, customary non-solicitation provisions, an agreement in principal that Magnum Hunter's outstanding stock options would largely be settled with cash payments rather than be converted into Cimarex stock options, and covenants pertaining to the pre-closing business of Magnum Hunter and Cimarex.

Each of the three entities that submitted indications of interest spent two additional days in the data room beginning December 28, 2004 and ending January 4, 2005, with Cimarex's visit occurring January 3 and 4, 2005. Further, Magnum Hunter senior management and the financial advisors visited the primary offices of each of the submitting entities between December 29, 2004 and January 5, 2005 to perform preliminary reciprocal due diligence due to the anticipation that any acquisition was likely to be effected through a stock-for-stock merger. On January 4, 2005, Magnum Hunter visited Cimarex's corporate headquarters office in Denver.

On January 5, 2005, Cimarex's board met at Cimarex's Denver office to consider the Magnum Hunter transaction. At that meeting Mr. Merelli and other members of Cimarex's senior management group provided the board with an extensive review of Magnum Hunter's proved reserves, exploration projects, production operations and financial condition. The management team also addressed the reasons for the proposed exchange ratio of 0.40, along with the range of acceptable exchange ratios that could potentially result in a positive financial outcome for Cimarex shareholders. Petrie Parkman made a presentation detailing its reference value analysis of Magnum Hunter shares and reviewed for the board its analysis of potentially competing entities. Holme Roberts & Owen reviewed the principal legal and business terms contained in the mark-up of the merger agreement that Cimarex had included with its earlier submission to Magnum Hunter of a preliminary indication of interest.

Following the presentations by management, Petrie Parkman and Holme Roberts & Owen, Cimarex's board discussed the relationship between the proposed exchange ratio and Petrie Parkman's assessment of an appropriate valuation range for Magnum Hunter common shares. They also discussed the principal terms of the merger agreement pertaining to non-solicitation provisions, termination conditions and the break-up fee.

Following those discussions, Cimarex's board unanimously, among all directors present, approved a resolution authorizing management to make a proposal to Magnum Hunter reflecting the exchange ratio and legal terms of the merger agreement discussed at the meeting. The Cimarex board also resolved that the offer was conditioned upon the delivery by Magnum Hunter to Cimarex of the disclosure schedule required under the proposed merger agreement and the absence of any information that the management of Cimarex might consider a material change.



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On January 6, 2005 all three entities, including Cimarex, submitted updated offers to Magnum Hunter. One of the offers, which appeared superior to the other two, had not received approval by that company's board. Additionally, a fourth entity that did not participate in the data room process or execute a confidentiality agreement submitted an unsolicited offer that did not involve the acquisition of the entire company.

On January 7, 2005, Magnum Hunter's board met telephonically to review and discuss the three updated offers and the unsolicited offer. Also attending that meeting were Magnum Hunter's senior management, Thompson & Knight and the financial advisors.

On January 8 and 9, 2005, there were extensive phone conversations between Magnum Hunter's financial advisors and management of the entity that had made the proposal that appeared superior. There were also phone conversations between Thompson & Knight and counsel to that entity. On January 9 and early on January 10, there were phone conversations between the respective senior managements of that entity and Magnum Hunter. In the conversations on January 10, the chief executive officer of that entity effectively withdrew its offer by indicating that approval of its board would probably necessitate a reduction in the consideration offered.

On January 10, 2005, Magnum Hunter's full board met at the company's Irving, Texas offices. The financial advisors outlined and compared each of the four submitted offers. Thompson & Knight reviewed the major contingencies contained in each offer. Magnum Hunter's senior management also reviewed the offers and communicated to Magnum Hunter's board the weekend and early Monday conversations with the entity that had made the offer that appeared superior. Following these presentations and discussion, Magnum Hunter's board directed senior management to pursue further discussions with the remaining two entities prior to reconvening the board meeting early on January 11, 2005.

Early in the morning of January 11, 2005, Messrs. Box and Evans contacted Mr. Merelli. They discussed the general attractiveness of Cimarex's offer and indicated that because its all-stock structure was not exactly comparable to the other competing proposals it was not clear that Cimarex's offer was unequivocally superior. During that conversation, Messrs. Box and Evans also introduced to Mr. Merelli the concept of the potential distribution of Magnum Hunter's ownership interest in TEL Offshore Trust to the common stockholders of Magnum Hunter. Pursuant to that conversation, Mr. Merelli indicated to Messrs. Box and Evans that he would discuss with the Cimarex board the potential of raising the Cimarex exchange ratio offer to 0.42 shares per Magnum Hunter share and to allow for the distribution of the TEL Offshore Trust units to Magnum Hunter's stockholders.

Following the conversation of Messrs. Box and Evans with Mr. Merelli, the Magnum Hunter board met. Senior management reported on its conversations with Cimarex and the other entity. Following discussions, the board resolved to pursue a business combination with Cimarex under the terms discussed among Messrs. Box, Evans and Merelli, subject to further negotiation.

The Cimarex board also met telephonically during the afternoon of January 11, 2005 to review the revised proposal. Also attending that meeting either in person or telephonically were the senior management team, and representatives of Holme Roberts & Owen and Petrie Parkman.

Mr. Merelli informed the Cimarex board that Magnum Hunter had selected Cimarex as the winning bidder subject to Cimarex's ability to increase its proposed exchange ratio offer from 0.40 to 0.42 of a share of Cimarex common stock per Magnum Hunter common share and the ability of Magnum Hunter to distribute prior to closing its units in TEL Offshore Trust on a pro rata basis to its stockholders. Mr. Merelli stated that, based on management's original and updated relative valuation analysis, this adjustment would be acceptable and the resulting transaction would be beneficial to Cimarex's stockholders. Mr. Merelli also stated that Cimarex did not wish to acquire the TEL Offshore Trust units held by Magnum Hunter. Petrie Parkman reported that the revised offer was reasonable

based on its reference value range analysis for Magnum Hunter shares and its analysis of recent comparable transactions.

General discussion ensued pertaining to, among other issues, the remaining open items in the merger agreement, including the break-up fee, and the necessary receipt from Magnum Hunter of its disclosure schedules. Cimarex's board then approved and adopted resolutions authorizing management to negotiate a final merger agreement consistent with the revised financial terms and the legal terms presented to the directors but conditioned upon receipt of Magnum Hunter's disclosure schedules, the absence of material changes in representations and warranties, receipt of a fairness opinion, and final approval of a definitive merger agreement.

Mr. Korus recommended to Cimarex's board that, taking into account Petrie Parkman's role as financial advisor in the transaction and Cimarex's general corporate governance belief regarding the appropriateness of obtaining a fairness opinion from an investment banking firm other than its financial advisor, Lehman Brothers be engaged to provide a fairness opinion because they were highly qualified and to his knowledge they did not have any conflicts of interest arising from competing proposals. Mr. Korus had contacted Lehman Brothers about this matter, their qualifications and their availability on January 7, 2005.

Following the January 11, 2005 board meetings, Magnum Hunter's and Cimarex's respective management teams, legal counsel and financial advisors began negotiating the open items in the merger agreement and completing preparation of the disclosure schedules.

On January 12, 2005, Cimarex formally engaged Lehman Brothers to provide a fairness opinion and provided Lehman Brothers with the then current draft of the merger agreement and the proposed financial terms of contemplated transaction.

On January 14, 2005, Cimarex provided to Magnum Hunter an initial draft of its disclosure schedules. On January 18, 2005, Magnum Hunter provided to Cimarex an initial draft of its disclosure schedules.

During the week of January 17, 2005, Magnum Hunter's management, Thompson & Knight and the financial advisors traveled to the Denver, Colorado and Tulsa, Oklahoma offices of Cimarex to perform financial, operational and legal due diligence on Cimarex based upon the proposed stock-for-stock merger. Mr. Box and Mr. Merelli both attended the operational due diligence meetings in Tulsa on January 18 and 19. Thompson & Knight and Holme Roberts & Owen negotiated the final terms of the merger agreement at the latter's offices in Denver.

Also during the week of January 17 certain members of Cimarex's management team and Holme Roberts and Owen conducted further legal due diligence related to matters contained on the Magnum Hunter disclosure schedule and held several discussions with Magnum Hunter and Thompson & Knight regarding those items.

On January 20, 2005, Magnum Hunter's board met in person to consider and approve Magnum Hunter's 2005 capital expenditure budget. Later in the meeting Thompson & Knight, which had been meeting with Holme Roberts & Owen in Denver, joined the meeting telephonically to review major legal issues in the negotiation of the merger agreement.

On the morning of January 24, 2005, Cimarex's management team and legal counsel updated Mr. Merelli on the outcome of its ongoing legal due diligence. As a result of Cimarex's due diligence, Mr. Merelli contacted Mr. Box that afternoon to express a desire to revise the proposed exchange ratio. Following further discussions that day between Messrs. Merelli and Box, they agreed, subject to approval by their respective boards, to revise the proposed exchange ratio to 0.415 and to continue to permit the distribution of Magnum Hunter's ownership interest in TEL Offshore Trust to the common stockholders of Magnum Hunter. The break-up fee was reduced to \$45 million and the \$5 million expense reimbursement upon termination of the merger agreement was eliminated.

On January 25, 2005, Magnum Hunter's full board met in Magnum Hunter's Irving, Texas office to review and discuss Cimarex's revised offer. Senior management updated the board on the terms of the proposed transaction and the results of due diligence. Thompson & Knight reviewed the terms of the proposed merger agreement and the resolution of legal issues. Deutsche Bank and Merrill Lynch rendered their oral opinions to Magnum Hunter's board, subsequently confirmed by delivery of written opinions each dated January 25, 2005, to the effect that, as of such date, and based upon and subject to the assumptions made, matters considered and limits on the review undertaken, as set forth in their respective opinions, the exchange ratio was fair, from a financial point of view to the holders of Magnum Hunter common stock (see "Opinion of Magnum Hunter's Financial Advisors Deutsche Bank Securities Inc." and "Opinion of Magnum Hunter's Financial Advisors Merrill Lynch, Pierce, Fenner & Smith Incorporated"). Both Deutsche Bank and Merrill Lynch informed Magnum Hunter's board of the potential temporary downward fluctuation in the market price of Cimarex's common stock immediately following announcement of the proposed merger.

Following discussions, Magnum Hunter's board unanimously approved the merger agreement, the merger and the other transactions contemplated by the merger agreement and unanimously resolved to recommend that Magnum Hunter's stockholders vote to adopt the merger agreement and approve the merger and the other transactions contemplated by the merger agreement.

Also on January 25, 2005, Cimarex's board met with its legal and financial advisors in Denver to review and discuss Cimarex's revised offer and the results of its legal due diligence. Mr. Steve Bell, Cimarex's senior vice president business development and land, and Holme Roberts & Owen updated the board on the overall results of their legal due diligence. Mr. Joe Albi, Cimarex's senior vice president corporate reservoir engineering, updated the board on the potential financial impact of the proposed exchange ratio of 0.415.

Holme Roberts and Owen also reviewed the outcome of negotiation of the final terms of the merger agreement, including a break-up fee of \$45 million, certain non-solicitation and termination provisions, and the status of obtaining a voting agreement from Mr. Gary Evans. Lehman Brothers rendered its oral opinion, subsequently confirmed by delivery of a written opinion dated January 25, 2005 that as of such date, and based upon and subject to the factors and assumptions set forth therein, the 0.415 exchange ratio was fair, from a financial point of view, to the holders of Cimarex common stock (see "Opinion of Lehman Brothers Inc. to the Cimarex Board of Directors"). Both Lehman Brothers and Petrie Parkman informed Cimarex's board of the potential temporary downward fluctuation in the market price of Cimarex's common stock immediately following announcement of the proposed merger.

Following further discussions of the matters presented at the meeting and management's current view on integration and longer-term staffing issues, Cimarex's board unanimously approved the merger agreement on the basis of a 0.415 exchange ratio, the merger and the other transactions contemplated by the merger agreement and unanimously resolved to recommend that Cimarex stockholders vote to authorize the issuance of Cimarex common shares contemplated by the merger agreement.

The definitive merger agreement was executed on behalf of Magnum Hunter, Cimarex and Merger Sub, effective as of January 25, 2005. Before the opening of the NYSE trading market on January 26, 2005, the parties issued a joint press release announcing the execution of the merger agreement.

On February 18, 2005, Magnum Hunter, Cimarex and Merger Sub entered into an amendment to the merger agreement to clarify, among other things, the time that Magnum Hunter employees would be covered under existing Magnum Hunter severance plans and to modify the tax opinion required to be delivered to Magnum Hunter at closing, to take into account a recent ownership report filed by one of Magnum Hunter's non-U.S. holders.

### **Cimarex's Reasons for the Merger and Share Issuance**

On January 25, 2005, Cimarex's board of directors, by unanimous vote of the directors present at the meeting, approved and adopted the merger agreement and the merger, and resolved to recommend that Cimarex stockholders vote "FOR" approval of the issuance of shares of Cimarex common stock in connection with the merger. One of Cimarex's board members recused himself from participation on the Cimarex board throughout the negotiation process and the pendency of the closing of the merger, due to his service on the board of another oil and gas exploration and production company that could be viewed as a competitive bidder for Magnum Hunter.

In reaching its decision that the merger agreement and the transactions contemplated thereby, including the merger, are fair to and in the best interests of Cimarex and its stockholders, Cimarex's board consulted with Cimarex management and Holme Roberts & Owen LLP, Cimarex's legal advisors, and Petrie Parkman & Co., Cimarex's financial advisor. Cimarex's board also considered a variety of factors with respect to the merger, including the following:

Magnum Hunter's stable production with extensive low-risk drilling inventory;

Magnum Hunter's large leasehold interest in the Permian Basin of west Texas and southeast New Mexico;

Magnum Hunter's Mid-Continent and Gulf Coast projects;

Magnum Hunter's substantial acreage position and exploration prospects in the Gulf of Mexico;

the combined company's diversified asset base and strong financial position;

the combined company's significant drilling inventory and opportunity to accelerate drilling;

the fact that the combined company will be significantly larger than Cimarex is now and, as a result, should have greater exploration and production strengths, greater liquidity in the market for its securities and better ability to consider future strategic opportunities that might not otherwise be possible;

the opportunity to achieve exploration and production drilling efficiencies;

the oral opinion delivered by Lehman Brothers, Cimarex's independent fairness opinion provider, on January 25, 2005, as subsequently confirmed in writing in an opinion dated as of January 25, 2005, that, as of that date and based on and subject to the assumptions made, procedures followed, matters considered and limitations of review set forth in the written opinion, the exchange ratio was fair from a financial point of view to Cimarex;

the terms of the merger agreement and the structure of the transaction, including the conditions to each company's obligation to complete the merger; and

the fact that the merger agreement requires Magnum Hunter to pay a termination fee of \$45 million if the merger agreement is terminated in accordance with certain provisions of the merger agreement.

The Cimarex board of directors also identified and considered a number of potentially negative factors and risks in its deliberations concerning the merger, including but not limited to:

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the fact that there are significant risks inherent in combining and integrating two companies, including that the companies may not be successfully integrated, and that successful integration of the companies will require the dedication of significant management resources, which will temporarily detract attention from the day-to-day businesses of the combined company;

the fact that a meaningful portion of the total merger consideration is expected to be allocated to Magnum Hunter unproved resources, and there is always uncertainty in successfully converting those resources into proved reserves;

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the risk of changes in oil and gas prices from those used to evaluate the merger;

the increased level of indebtedness of the combined company compared to Cimarex's historic debt levels, as a result of Magnum Hunter's existing indebtedness and the costs associated with the merger;

the fact that the capital requirements necessary to achieve the expected growth of the combined company's businesses will be significant, and there can be no assurance that the combined company will be able to fund all of its capital requirements from operating cash flows;

the fact that the merger might not be completed as a result of a failure to satisfy the conditions contained in the merger agreement; and

the other matters described under the caption "Risk Factors" beginning on page 29.

After deliberation, the Cimarex board of directors concluded that, on balance, the potential benefits of the merger to Cimarex stockholders outweighed these risks and potential disadvantages.

The foregoing discussion of the information and factors considered by the Cimarex board of directors in making its decision is not intended to be exhaustive, but includes the material factors considered by the Cimarex board of directors. In view of the variety of material factors considered in connection with its evaluation of the merger, the Cimarex board of directors did not find it practicable to, and did not, quantify or otherwise assign relative or specific weight to any of these factors, and individual directors may have given different weight to different factors. Instead, the Cimarex board of directors made its determination based on the totality of the information presented to it.

The above description of the Cimarex board of directors' considerations relating to the merger is forward-looking in nature. This information should be read in light of the factors discussed above under "Cautionary Statement Concerning Forward-Looking Statements" beginning on page 9.

### **Recommendation of the Cimarex Board of Directors**

At its meeting on January 25, 2005, after due consideration, the Cimarex board of directors, by unanimous vote of the directors present, adopted resolutions:

determining that the merger agreement, the merger, in accordance with the terms of the merger agreement, and the other transactions contemplated thereby are advisable and in the best interests of Cimarex and its stockholders;

approving and adopting the merger agreement and approving the merger and the other transactions contemplated by the merger agreement; and

recommending that the Cimarex stockholders vote "FOR" the approval of the issuance of shares of Cimarex common stock in connection with the merger.

In considering the recommendation of Cimarex's board of directors with respect to the share issuance, you should be aware that some officers and directors of Cimarex have interests in the merger that may be different from, or in addition to, the interests of Cimarex stockholders generally. Cimarex's board of directors was aware of these interests and considered them in approving the merger agreement and the merger. For more information on these interests, see "Interests of Certain Persons in the Merger" beginning on page 109.

### **Magnum Hunter's Reasons for the Merger**

On January 25, 2005, Magnum Hunter's board unanimously determined that the merger is fair to, and in the best interests of, Magnum Hunter and its stockholders, approved and adopted the merger agreement and the merger, and resolved to recommend that Magnum Hunter

stockholders vote "FOR" approval of the merger agreement and the merger.

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In reaching its decision, Magnum Hunter's board consulted with Magnum Hunter's management, Magnum Hunter's outside legal advisors, and Deutsche Bank and Merrill Lynch, Magnum Hunter's financial advisors. Magnum Hunter's board of directors believes the merger is desirable for the following principal reasons:

the recent performance of Cimarex's common stock and the fact that the merger consideration represented a premium of approximately 26% above the closing price of Magnum Hunter's common stock on the day of the board's approval;

a review of other strategic alternatives potentially available to Magnum Hunter (including other potential transactions) and their relative potential advantages and disadvantages compared to those associated with the merger;

the combined company will be significantly larger than Magnum Hunter and should have greater financial, operational and technical strengths that should enable it to consider and more effectively pursue additional types of opportunities;

the oral opinions of Deutsche Bank and Merrill Lynch delivered to the board of directors of Magnum Hunter on January 25, 2005 and subsequently confirmed in writing to the effect that, as of such date, and based on and subject to the matters respectively set forth therein, the exchange ratio is fair, from a financial point of view, to the holders of Magnum Hunter common stock;

the combined company's larger market capitalization and a more liquid trading market for its common stock, which Magnum Hunter's board believed could result in increased equity research coverage and potentially a better trading multiple due to improved liquidity;

the combined company's improved capital structure and the expected benefits to be derived from the cash reflected on Cimarex's balance sheet as compared to the leverage previously employed by Magnum Hunter;

the strong asset overlap of the two companies in the Permian Basin, Mid-Continent and Gulf Coast regions;

the rate of return focus of Cimarex's internal drilling efforts and the recent and historical production growth of Cimarex;

the combined company's increased inventory of producing properties and the Magnum Hunter board's belief that the merger would maximize the value and development potential of its asset base;

Magnum Hunter's board consideration of Magnum Hunter's financial and operational position, taking into account current commodity prices and other current industry, economic and market conditions;

the opinion of Magnum Hunter's outside legal counsel that the merger could generally be accomplished on a tax-free basis;

presentations by, and discussions with, senior executives of Magnum Hunter and representatives of its outside legal counsel regarding the terms and conditions of the merger agreement;

the results of the business, legal and financial due diligence investigations of Cimarex conducted by Magnum Hunter's management and legal and financial advisors;

the decision of Magnum Hunter's CEO to retire in 2005;



the results of the engineering due diligence investigations of Cimarex conducted by Magnum Hunter's management;

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the Magnum Hunter board's confidence in the ability of Cimarex's chief executive officer to lead the combined company and continue to enhance stockholder value;

the terms of the merger agreement and the structure of the transaction, including the conditions to each company's obligations to complete the merger;

the fact that under the terms of the merger agreement one member of Magnum Hunter's board would join the Cimarex board of directors following the merger; and

the fact that holders of Magnum Hunter common stock would own approximately 46% of the combined company.

Magnum Hunter's board also identified and considered a number of potentially negative factors and risks in its deliberations concerning the merger, including but not limited to:

the risk that the merger might not be completed as a result of a failure to satisfy one or more conditions to the merger;

the risk that the operations of the two companies may not be successfully integrated;

the size of the premium represented by the merger consideration relative to the pre-announcement value of Magnum Hunter's common stock might be reduced or eliminated by a decline in Cimarex's common stock price through the time the merger is consummated;

the risk that Cimarex's reserve estimates were not prepared or audited by independent engineering consultants in a manner consistent with Magnum Hunter's past practices;

the limitations on Magnum Hunter's ability to solicit other offers as well as the possibility that it could be required to pay a \$45 million termination fee in certain circumstances;

lack of identified long-term drilling prospects after 2005; and

other matters described under the caption "Risk Factors" beginning on page 29.

After deliberation, the Magnum Hunter board of directors concluded that, on balance, the potential benefits of the merger to Magnum Hunter stockholders outweighed these risks and potential disadvantages.

The foregoing discussion of the information and factors considered by the Magnum Hunter board of directors in making its decision is not intended to be exhaustive, but includes the material factors considered by the Magnum Hunter board of directors. In view of the variety of material factors considered in connection with its evaluation of the merger, the Magnum Hunter board of directors did not find it practicable to, and did not, quantify or otherwise assign relative or specific weight to any of these factors, and individual directors may have given different weight to different factors. Instead, the Magnum Hunter board of directors made its determination based on the totality of the information presented to it.

The above description of the Magnum Hunter board of directors' considerations relating to the merger is forward-looking in nature. This information should be read in light of the factors discussed above under "Cautionary Statement Concerning Forward-Looking Statements" beginning on page 9.

**Recommendation of the Magnum Hunter Board of Directors**

At its meeting on January 25, 2005, after due consideration, the Magnum Hunter board of directors unanimously adopted resolutions:

determining that the merger agreement, the merger, in accordance with the terms of the merger agreement, and the other transactions contemplated thereby are advisable and in the best interests of Magnum Hunter and its stockholders;

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approving and adopting the merger agreement and approving the merger and the other transactions contemplated by the merger agreement; and

recommending that the Magnum Hunter stockholders vote "FOR" the approval of the merger agreement.

In considering the recommendation of Magnum Hunter's board of directors with respect to the merger, you should be aware that some officers and directors of Magnum Hunter have interests in the merger that may be different from, or in addition to, the interests of Magnum Hunter stockholders generally. Magnum Hunter's board of directors was aware of these interests and considered them in approving the merger agreement and the merger. For more information on these interests, see "Interests of Certain Persons in the Merger" beginning on page 109.

### **Petrie Parkman & Co.**

Under a letter agreement dated as of December 1, 2004, Cimarex retained Petrie Parkman to act as a financial advisor in connection with Cimarex's potential merger with or acquisition of Magnum Hunter. Petrie Parkman was not requested to, and did not, render an opinion to the Cimarex board of directors in connection with the merger. Cimarex agreed to pay Petrie Parkman \$4.575 million, the majority of which is contingent upon the consummation of the merger, for its financial advisory services in connection with the merger. In addition, Cimarex agreed to reimburse Petrie Parkman for certain expenses incurred by it in connection with its engagement, including fees and expenses of counsel. Cimarex also entered into customary indemnification agreements with Petrie Parkman.

Petrie Parkman, as part of its investment banking business, is continually engaged in the evaluation of energy-related businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and evaluations for corporate or other purposes. Petrie Parkman is an internationally recognized investment banking firm that has substantial experience in transactions similar to the proposed merger. Petrie Parkman has in the recent past provided investment banking services to Cimarex and has received customary fees for such services.

### **Opinion of Lehman Brothers Inc. to the Cimarex Board of Directors**

Lehman Brothers was retained by Cimarex on January 12, 2005, solely to render its opinion in connection with the merger. On January 25, 2005, Lehman Brothers rendered its written opinion to the board of directors of Cimarex that as of that date, and based upon and subject to the matters and qualifications stated in the opinion letter, from a financial point of view, the exchange ratio to be paid by Cimarex in the merger is fair to Cimarex.

THE FULL TEXT OF LEHMAN BROTHERS' OPINION DATED JANUARY 25, 2005, IS INCLUDED AS *ANNEX B* TO THIS JOINT PROXY STATEMENT/PROSPECTUS. HOLDERS OF CIMAREX'S COMMON STOCK ARE ENCOURAGED TO READ LEHMAN BROTHERS' OPINION CAREFULLY IN ITS ENTIRETY FOR A DISCUSSION OF THE PROCEDURES FOLLOWED, FACTORS CONSIDERED, ASSUMPTIONS MADE AND QUALIFICATIONS AND LIMITATIONS OF THE REVIEW UNDERTAKEN BY LEHMAN BROTHERS IN RENDERING ITS OPINION. THIS SUMMARY OF THE LEHMAN BROTHERS OPINION IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FULL TEXT OF THE OPINION.

LEHMAN BROTHERS' OPINION WAS PROVIDED FOR THE INFORMATION AND ASSISTANCE OF THE BOARD OF DIRECTORS OF CIMAREX IN CONNECTION WITH ITS CONSIDERATION OF THE MERGER. LEHMAN BROTHERS' OPINION IS NOT INTENDED TO BE AND DOES NOT CONSTITUTE A RECOMMENDATION TO ANY STOCKHOLDER OF CIMAREX OR MAGNUM HUNTER AS TO HOW SUCH STOCKHOLDER SHOULD VOTE WITH RESPECT TO THE MERGER. LEHMAN BROTHERS WAS NOT REQUESTED TO OPINE AS TO, AND ITS OPINION DOES NOT ADDRESS, CIMAREX'S UNDERLYING BUSINESS DECISION TO PROCEED WITH OR EFFECT THE MERGER.

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Lehman Brothers, in arriving at its opinion, reviewed and analyzed:

- (1) the merger agreement and its schedules, and the specific terms of the merger;
- (2) publicly available information concerning Cimarex and Magnum Hunter that Lehman Brothers believed to be relevant to the analysis, including, without limitation, the Annual Reports on Form 10-K for the year ended December 31, 2003 for each of Cimarex and Magnum Hunter, and the Quarterly Reports on Form 10-Q for the nine months ended September 30, 2004 for each of Cimarex and Magnum Hunter;
- (3) financial and operating information with respect to the respective businesses, operations and prospects of Cimarex and Magnum Hunter as furnished to Lehman Brothers by Cimarex and Magnum Hunter, respectively;
- (4) estimates of proved and non-proved reserves generated internally at each of Cimarex and Magnum Hunter, third-party reserve reports for each of Cimarex and Magnum Hunter as of December 31, 2003, and projected future production, revenue, operating costs and capital investments for each of Cimarex and Magnum Hunter provided to Lehman Brothers by the managements of Cimarex and Magnum Hunter, respectively;
- (5) the trading histories of Cimarex common stock and Magnum Hunter common stock from January 22, 2004 to January 21, 2005 and a comparison of those trading histories with each other and with those of other companies that Lehman Brothers deemed relevant;
- (6) a comparison of the historical financial results and present financial condition of Cimarex and Magnum Hunter with each other and with those of other companies that Lehman Brothers deemed relevant;
- (7) a comparison of the financial terms of the merger with the financial terms of certain other transactions that Lehman Brothers deemed relevant;
- (8) the pro forma impact of the merger on the future financial performance of Cimarex;
- (9) the relative contributions of Cimarex and Magnum Hunter to the current and future financial performance of the combined company on a pro forma basis; and
- (10) published estimates of independent equity research analysts (including Lehman Brothers') with respect to the future financial performance of Cimarex and Magnum Hunter.

In addition, Lehman Brothers:

- (1) had discussions with the managements of Cimarex and Magnum Hunter concerning
  - (a) the respective businesses, operations, assets, financial conditions, reserves, production profiles, hedging levels, exploration programs and prospects of Cimarex and Magnum Hunter and
  - (b) the strategic benefits to Cimarex of the merger, and
- (2) undertook such other studies, analyses and investigations as Lehman Brothers deemed appropriate.

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Lehman Brothers, in arriving at its opinion, assumed and relied upon the accuracy and completeness of the financial and other information used by it without assuming any responsibility for independent verification of such information and further relied upon the assurances of the managements of Cimarex and Magnum Hunter that they are not aware of any facts or circumstances that would make such information inaccurate or misleading. Lehman Brothers was not provided with, and did not have access to, financial projections of Cimarex or Magnum Hunter prepared by the managements of Cimarex and Magnum Hunter, respectively. Accordingly, upon advice of Cimarex,

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Lehman Brothers assumed that the published estimates of independent equity research analysts were a reasonable basis upon which to evaluate the future financial performance of Cimarex and Magnum Hunter, respectively, and that each of Cimarex and Magnum Hunter would perform substantially in accordance with such estimates. Upon advice of Cimarex and Magnum Hunter, respectively, Lehman Brothers assumed that:

- (i) the third-party reserve reports for each of Cimarex and Magnum Hunter as of December 31, 2003, were a reasonable basis upon which to evaluate the reserve balances at each of Cimarex and Magnum Hunter as of December 31, 2003; and
- (ii) the estimates of proved and non-proved reserves generated internally at each of Cimarex and Magnum Hunter and the projected future production, revenue, operating costs and capital investments for each of Cimarex and Magnum Hunter provided to Lehman Brothers by the managements of Cimarex and Magnum Hunter, respectively, were reasonably prepared on a basis reflecting the best currently available estimates and judgments of the managements of Cimarex and Magnum Hunter, respectively, and that the estimates of proved and non-proved reserves and the other projected metrics would be realized substantially in accordance therewith.

In addition, upon the direction of Cimarex, Lehman Brothers did not analyze the merits or the amounts of any actual or potential contingent liabilities of Magnum Hunter or factor them into its analysis in arriving at its opinion. Lehman Brothers, in arriving at its opinion, did not conduct a physical inspection of the properties and facilities of Cimarex and Magnum Hunter and did not make or obtain from third parties any evaluations or appraisals of the assets or liabilities of Cimarex or Magnum Hunter other than the third party reserve reports. Upon advice of Cimarex and its legal and accounting advisors, Lehman Brothers assumed that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, and therefore as a tax-free transaction to the stockholders of Cimarex. Lehman Brothers' opinion necessarily was based upon market, economic and other conditions as they existed on, and could be evaluated as of, January 25, 2005. In addition, Lehman Brothers did not express an opinion as to the price at which shares of common stock of Cimarex or Magnum Hunter actually would trade following the announcement of the merger.

In connection with rendering its opinion, Lehman Brothers performed certain financial, comparative and other analyses as described below. In arriving at its opinion, Lehman Brothers did not ascribe a specific range of value to Cimarex or Magnum Hunter, but rather made its determination of the fairness, from a financial point of view, to Cimarex of the exchange ratio to be paid by Cimarex in the merger on the basis of the financial, comparative and other analyses described below. The preparation of a fairness opinion involves various determinations as to the most appropriate and relevant methods of financial and comparative analysis and the application of those methods to the particular circumstances, and, therefore, such an opinion is not readily susceptible to summary description. Furthermore, in arriving at its fairness opinion, Lehman Brothers did not attribute any particular weight to any analysis or factor considered by it, but rather made qualitative judgments as to the significance and relevance of each analysis and factor. Accordingly, Lehman Brothers believes that its analyses must be considered as a whole and that considering any portion of such analyses and factors, without considering all analyses and factors as a whole, could create a misleading or incomplete view of the process underlying the opinion. In its analyses, Lehman Brothers made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of Cimarex or Magnum Hunter. Any estimates contained in the analyses are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than as set forth in the analyses. In addition, analyses relating to the value of businesses do not purport to be appraisals or to reflect the prices at which businesses could actually be sold.

*Valuation Analyses Used to Derive Implied Exchange Ratios*

Lehman Brothers prepared separate valuations of Cimarex and Magnum Hunter using the following methodologies: net asset valuation analysis, comparable company analysis and comparable transactions analysis. Lehman Brothers understands that, prior to the merger, Magnum Hunter intends to distribute the units of beneficial interests it holds of the publicly-traded TEL Offshore Trust to its stockholders in the form of a dividend. Accordingly, Lehman Brothers has excluded these units of beneficial interest in TEL Offshore Trust from its valuation of Magnum Hunter. Each of the methodologies listed above was used to generate a reference enterprise value range for each of Cimarex and Magnum Hunter. The enterprise value range for each company was adjusted for appropriate on-balance sheet and off-balance sheet assets and liabilities to arrive at a common equity value range (in aggregate dollars) for each company. The equity value range was divided by fully diluted shares outstanding, which was comprised of primary shares and the dilutive effect of outstanding options and warrants, if applicable, as of January 21, 2005 to derive an equity value range per share. The equity value ranges per share were used to derive the implied exchange ratios which were then compared to the exchange ratio.

The various valuation methodologies noted above and the implied exchange ratios derived therefrom are included in the following table.

**This table should be read together with the more detailed descriptions set forth below.** In particular, in applying the various valuation methodologies to the particular businesses, operations and prospects of Cimarex and Magnum Hunter, and the particular circumstances of the merger, Lehman Brothers made qualitative judgments as to the significance and relevance of each analysis. In addition, Lehman Brothers made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of Cimarex or Magnum Hunter. Accordingly, the methodologies and the implied exchange ratios derived therefrom set forth in the table must be considered as a whole and in the context of the narrative description of the financial analyses, including the assumptions underlying these analyses. Considering the implied exchange ratios set forth in the table without considering the full narrative description of the financial analyses, including the assumptions underlying these analyses, could create a misleading or incomplete view of the process underlying, and conclusions represented by, Lehman Brothers' opinion.

Valuation Methodology	Summary Description of Valuation Methodology	Implied Exchange Ratio Range
Net Asset Valuation Analysis	Net present valuation of after-tax cash flows generated by producing to exhaustion existing proved, probable, possible and exploratory reserves using selected hydrocarbon pricing scenarios and discount rates plus the evaluation of certain other assets and liabilities	
	Case I Commodity Prices	0.276 - 0.399
	Case II Commodity Prices	0.407 - 0.554
	Case III Commodity Prices	0.433 - 0.569
Comparable Company Analysis	Market valuation benchmark based on trading multiples of selected comparable companies for selected financial and asset-based measures	0.292 - 0.439
Comparable Transactions Analysis	Market valuation benchmark based on consideration paid in selected comparable transactions	0.328 - 0.516
Exchange Ratio to be Paid by Cimarex in the Merger		0.415



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*Net Asset Valuation Analysis.* Lehman Brothers estimated the present value of the future after-tax cash flows expected to be generated from each company's proved reserves as of December 31, 2003, based on estimated reserves and production cost estimates, as adjusted to take into account such reserve and production cost estimates provided by Cimarex's and Magnum Hunter's managements, respectively, and discussed with each of Cimarex's and Magnum Hunter's managements, respectively. The present values of the future after-tax cash flows were determined using a range of discount rates based on geography and reserve category risk and assuming a tax rate of 37%. Lehman Brothers added to such estimated proved reserves the values of certain other assets and liabilities, including each company's probable and possible reserves, each company's exploration portfolio, Magnum Hunter's current commodity hedging portfolio, Magnum Hunter's gas gathering and oilfield services businesses and Cimarex's gas marketing business. In addition, Cimarex's net asset value was adjusted to account for the value of proved undeveloped reserves which it does not recognize for accounting purposes and excludes from its third-party and company reserve reports. The net asset valuation analysis was performed under three commodity price scenarios (Case I, Case II and Case III), which are described below.

The natural gas and oil price forecasts employed by Lehman Brothers were based on New York Mercantile Exchange, or NYMEX, price forecasts (Henry Hub, Louisiana delivery for natural gas and West Texas Intermediate, Cushing, Oklahoma delivery for oil) from which adjustments were made to reflect location and quality differentials. NYMEX gas price quotations are stated in heating value equivalents per million British Thermal Units, or MMBtu, which are adjusted to reflect the value per thousand cubic feet, or MCF, of gas. NYMEX oil price quotations are stated in dollars per barrel, or BBL, of crude oil. The table below presents a summary of NYMEX natural gas and oil price forecasts employed by Lehman Brothers for each commodity price scenario.

	2004E	2005E	2006E	2007E	2008E	2009E	2010E	2011	Escalation Thereafter
<b>Henry Hub (\$MMBtu)</b>									
Case I	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	\$ 4.00	0.0%
Case II	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	0.0%
Case III	\$ 7.11	\$ 6.50	\$ 6.39	\$ 5.97	\$ 5.64	\$ 5.35	\$ 5.15	\$ 5.15	0.0%
<b>West Texas Intermediate (\$/BBL)</b>									
Case I	\$ 24.00	\$ 24.00	\$ 24.00	\$ 24.00	\$ 24.00	\$ 24.00	\$ 24.00	\$ 24.00	0.0%
Case II	\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00	\$ 35.00	0.0%
Case III	\$ 46.46	\$ 47.58	\$ 44.19	\$ 42.18	\$ 40.05	\$ 39.90	\$ 39.15	\$ 38.95	0.0%

The net asset valuation analyses yielded valuations for Cimarex and Magnum Hunter that implied a 0.276 to 0.399 exchange ratio for Case I, a 0.407 to 0.554 exchange ratio for Case II and a 0.433 to 0.569 exchange ratio for Case III. The exchange ratio of 0.415 to be paid by Cimarex in the merger falls within the range implied by Case II, slightly below the low end of the range implied by Case III and slightly above the high end of the range implied by Case I.

*Comparable Company Analysis.* Lehman Brothers reviewed the public stock market trading multiples for selected exploration and production companies:

Chesapeake Energy Corporation

Comstock Resources, Inc.

Forest Oil Corporation

The Houston Exploration Company

Newfield Exploration Company

Pogo Producing Company

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Stone Energy Corporation

Whiting Petroleum Corporation

The companies listed above, referred to as the selected companies, were chosen because they are publicly traded companies with operations that, for purposes of this analysis, may be considered similar to Cimarex and Magnum Hunter. Using publicly available information including certain estimates from independent equit