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gas. Our exposure will fluctuate with price volatility and actual volumes delivered. However, we believe Cimarex has no financial exposure from these contracts based on our current proved reserves and production levels from which we can fulfill these obligations.

In the normal course of business we have various delivery commitments which are not material individually or in the aggregate. All of the noted commitments were routine and were made in the normal course of our business.

Based on current commodity prices and anticipated levels of production, we believe that estimated net cash generated from operations and our other capital resources will be adequate to meet future liquidity needs.

## CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We consider accounting policies related to oil and gas reserves, full cost accounting, goodwill, contingencies and asset retirement obligations to be critical policies and estimates. These critical policies and estimates are summarized in Management's Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K.

### Recent Accounting Developments

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606). The new revenue standard provides a five-step analysis of transactions to determine when and how revenue is recognized. The core principle of the guidance

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is that a company should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance in this update supersedes the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance throughout the Industry Topics of the Codification. We must comply with this ASU beginning in fiscal year 2017 and early adoption is not permitted. Entities can choose to apply the standard using either the full retrospective approach or a modified retrospective approach. We are currently evaluating the impact of the provisions of Topic 606 and the effects of adoption cannot be determined at this time.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The term “market risk” refers to the risk of loss arising from adverse changes in commodity prices and interest rates. The disclosures are not meant to be precise indicators of expected future losses, but rather indicators of reasonably possible losses.

Price Fluctuations

Our major market risk is pricing applicable to our oil and gas production. The prices we receive for our production are based on prevailing market conditions and are influenced by many factors that are beyond our control. Pricing for oil, gas and NGL production has been volatile and unpredictable.

We periodically enter into financial derivative contracts to hedge a portion of our price risk associated with our future oil and gas production.

The following tables detail the financial derivative contracts we have in place as of September 30, 2014:

Oil Contracts

Period	Type	Volume/Day	Index (1)	Weighted Average Price		Fair Value (in thousands)
				Floor	Ceiling	
Oct 14 – Dec 14	Collars	12,000 Bbls	WTI	\$ 85.00	\$ 103.47	\$ 1,089

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(1) WTI refers to West Texas Intermediate price as quoted on the New York Mercantile Exchange.

#### Gas Contracts

Period	Type	Volume/Day	Index (1)	Weighted Average Price		Fair Value (in thousands)
				Floor	Ceiling	
Oct 14 – Dec 14	Collars	80,000 MMBtu	PEPL	\$ 3.51	\$ 4.57	\$ (81)
Oct 14 – Dec 14	Collars	60,000 MMBtu	Perm EP	\$ 3.62	\$ 4.50	\$ (74)

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(1) PEPL refers to Panhandle Eastern Pipe Line, Tex/OK Mid-Continent Index as quoted in Platt's Inside FERC. Perm EP refers to El Paso Natural Gas Company, Permian Basin Index as quoted in Platt's Inside FERC.

While these contracts limit the downside risk of adverse price movements, they may also limit future revenues from favorable price movements. For the oil contracts listed above, a hypothetical \$1.00 change in the price below or above the contracted price applied to the notional amounts would cause a change in our gain (loss) on mark-to-market derivatives in 2014 of \$1.1 million. For the gas contracts listed above, a hypothetical \$0.10 change in the price below or above the contracted price applied to the notional amounts would cause a change in our gain (loss) on mark-to-market derivatives in 2014 of \$1.3 million.

Counterparty credit risk did not have a significant effect on our cash flow calculations and commodity derivative valuations. This is primarily because we have mitigated our exposure to any single counterparty by contracting with numerous counterparties and because our derivative contracts are held with "investment grade"

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counterparties that are a part of our credit facility. See Note 2 to the Consolidated Financial Statements of this report for additional information regarding our derivative instruments.

Interest Rate Risk

At September 30, 2014, our long-term debt consisted of \$750 million in 5.875% senior notes that will mature on May 1, 2022 and \$750 million in 4.375% senior notes that will mature on June 1, 2024. Because all of our long-term debt is at a fixed rate, we consider our interest rate exposure to be minimal. This sensitivity analysis for interest rate risk excludes accounts receivable, accounts payable and accrued liabilities because of the short-term maturity of such instruments. See Note 3 and Note 7 to the Consolidated Financial Statements in this report for additional information regarding debt.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

Cimarex management, under the supervision and with the participation of the Chief Executive Officer (CEO) and Chief Financial Officer (CFO), have evaluated the effectiveness of disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act)) as of September 30, 2014. Based on that evaluation, the CEO and CFO concluded that the disclosure controls and procedures are effective in providing reasonable assurance that information required to be disclosed in reports filed with the SEC is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. The disclosure controls and procedures are designed to provide reasonable assurance that such information is accumulated and communicated to our management, including the CEO and CFO, as appropriate, to allow such persons to make timely decisions regarding required disclosures.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

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There was no change in our internal control over financial reporting that occurred during the fiscal quarter ended September 30, 2014 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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## PART II

## ITEM 1. LEGAL PROCEEDINGS

In the H.B. Krug, et al. v. Helmerich & Payne, Inc. (H&P) case, on December 13, 2013 the Oklahoma Supreme Court reversed the Tulsa County District Court's original judgment of \$119.6 million and affirmed an alternative jury verdict for \$3.65 million. It also remanded the case back to the trial court for consideration of potential prejudgment interest, attorney's fees and cost awards. Accordingly, on December 31, 2013 we reduced the previously recognized litigation expense and the associated long-term liability by \$142.8 million. On April 1, 2014, Cimarex paid the Plaintiffs \$15.8 million in satisfaction of the \$3.65 million damages award, the post-judgment interest award and the payment in lieu of bond, all of which are now final and not appealable. On June 24, 2014, the trial court ruled the Plaintiffs were not entitled to prejudgment interest but were entitled to attorney's fees and costs, the amount of which will be determined at a subsequent hearing. On July 31, 2014, the Plaintiffs appealed the trial court's denial of prejudgment interest, which will be determined by the Oklahoma Supreme Court. The outcome of these remaining issues cannot be determined, and our current estimates and assessments likely will change, as a result of these future legal proceedings.

Additional information regarding this and other litigation is included in Note 11 to the Consolidated Financial Statements included in Part I, Item 1 of this report.

## ITEM 6. EXHIBITS

- 31.1 Certification of Thomas E. Jorden, Chief Executive Officer of Cimarex Energy Co., pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2 Certification of Paul Korus, Chief Financial Officer of Cimarex Energy Co., pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1 Certification of Thomas E. Jorden, Chief Executive Officer of Cimarex Energy Co., pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350.
- 32.2 Certification of Paul Korus, Chief Financial Officer of Cimarex Energy Co., pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350.
- 101.INS XBRL Instance Document
- 101.SCH XBRL Taxonomy Extension Schema Document
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase Document
- 101.LAB XBRL Taxonomy Extension Label Linkbase Document
- 101.PRE XBRL Taxonomy Extension Presentation Linkbase Document
- 101.DEF XBRL Taxonomy Extension Definition Linkbase Document



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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

November 5, 2014

CIMAREX ENERGY CO.

/s/ Paul Korus  
Paul Korus  
Senior Vice President and Chief Financial Officer  
(Principal Financial Officer)

/s/ James H. Shonsey  
James H. Shonsey  
Vice President, Chief Accounting Officer and Controller  
(Principal Accounting Officer)

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