

CONMAG ENERGY CORP  
Form 424B5  
March 22, 2012

Use these links to rapidly review the document

[Table of contents](#)

[Table of contents](#)

[Table of Contents](#)

**Subject to completion, dated March 22, 2012**

**Filed Pursuant to Rule 424(b)(5)  
Registration No. 333-162051**

**Preliminary prospectus supplement  
(To Prospectus dated September 22, 2009)**

This preliminary prospectus supplement relates to an effective registration statement but it is not complete and may be changed. This preliminary prospectus supplement is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

## **Cimarex Energy Co.**

***\$650,000,000***

***% Senior Notes due 2022***

*Interest payable* and

We are offering \$650,000,000 aggregate principal amount of our % Senior Notes due 2022 (the "notes"). The notes will mature on , 2022. Interest will accrue from , 2012, and the first interest payment date will be , 2012.

We may redeem some or all of the notes at any time on and after , 2017. We may also redeem up to 35% of the notes using the proceeds of certain equity offerings completed before , 2015. In addition, at any time prior to , 2017, we may redeem all, but not part, of the notes at a price equal to 100% of the principal amount, plus accrued and unpaid interest, plus a "make-whole" premium. If we sell certain of our assets or experience specific kinds of changes in control, we must offer to purchase the notes.

The notes will be our general unsecured, senior obligations, will be equal in right of payment with any of our existing and future unsecured senior indebtedness that is not by its terms subordinated to the notes, and will be effectively junior to any future secured indebtedness to the extent of collateral securing that debt. The notes will be guaranteed on a senior unsecured basis by all of our existing and future subsidiaries that guarantee our senior revolving credit facility or that guarantee certain other indebtedness, subject to certain exceptions. The notes will be effectively junior to the indebtedness and other liabilities of any non-guarantor subsidiaries.

**You should read this prospectus supplement and the accompanying prospectus carefully before you invest in our notes. Investing in our notes involves risks. See "Risk factors" beginning on page S-14 for a discussion of certain risks that you should consider in connection**

with an investment in the notes.

	<b>Public offering price(1)</b>		<b>Underwriting discounts and commissions</b>		<b>Proceeds, before expenses, to us(1)</b>
Per note		%		%	
Total	\$		\$		\$

(1) Plus accrued interest, if any, from \_\_\_\_\_, 2012

The notes will not be listed on any securities exchange or automated quotation system.

The Issuer expects that delivery of the notes will be made to investors in book-entry form through The Depository Trust Company on or about \_\_\_\_\_, 2012.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these notes or passed upon the adequacy or accuracy of this prospectus supplement. Any representation to the contrary is a criminal offense.**

*Joint book-running managers*

**J.P. Morgan**

**Deutsche Bank Securities**

**Wells Fargo Securities**

*Senior Co-managers*

**Mitsubishi UFJ Securities**

**US Bancorp**

*Co-managers*

**BB&T Capital Markets**

**Capital One Southcoast**

**CIBC**

**Comerica Securities**

**KeyBanc Capital Markets**

**BOSC, Inc.**

**Howard Weil Incorporated**

**ING**

**Lloyds Securities**

March \_\_\_\_\_, 2012

Table of Contents

This prospectus supplement is part of a registration statement that we have filed with the Securities and Exchange Commission, or the "SEC," utilizing a "shelf" registration process. This prospectus supplement relates to the offer and sale of the notes.

In making your investment decision, you should rely only on the information included or incorporated by reference in this prospectus supplement or to which this prospectus supplement refers or that is contained in any free writing prospectus relating to the notes. We and the underwriters have not authorized anyone to provide you with any other information. If you receive any other information, you should not rely on it.

We and the underwriters are offering to sell the notes only in places where offers and sales are permitted.

You should not assume that the information contained or incorporated by reference in this prospectus supplement or the accompanying prospectus is accurate as of any date other than its date or that the information incorporated by reference in this prospectus supplement is accurate as of any date other than the date of the incorporated document. Neither the delivery of this prospectus supplement nor any sale made hereunder shall under any circumstances imply that the information herein is correct as of any date subsequent to the date on the cover of this prospectus supplement.

It is expected that delivery of the notes will be made against payment therefor on or about \_\_\_\_\_, 2012, which is the tenth business day following the date hereof (such settlement cycle being referred to as "T+10"). Pursuant to Rule 15c6-1 under the Securities Exchange Act of 1934, as amended, or the "Exchange Act," trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the notes on the date of pricing or the next six succeeding business days will be required, by virtue of the fact that the notes initially will settle in T+10, to specify an alternative settlement cycle at the time of any such trade to prevent failed settlement. Purchasers of the notes who wish to trade notes on the date of pricing or the next six succeeding business days should consult their own advisors.

---

Table of Contents

**Table of contents**  
**Prospectus supplement**

<u>About this prospectus supplement</u>	<u>S-ii</u>
<u>Cautionary statement regarding forward-looking statements</u>	<u>S-ii</u>
<u>Non-GAAP financial measures</u>	<u>S-iii</u>
<u>Glossary of oil and gas terms</u>	<u>S-iv</u>
<u>Summary</u>	<u>S-1</u>
<u>Risk factors</u>	<u>S-14</u>
<u>Use of proceeds</u>	<u>S-31</u>
<u>Capitalization</u>	<u>S-32</u>
<u>Ratio of earnings to fixed charges</u>	<u>S-33</u>
<u>Description of other indebtedness</u>	<u>S-34</u>
<u>Description of notes</u>	<u>S-36</u>
<u>Book-entry, delivery and form</u>	<u>S-104</u>
<u>United States federal income tax considerations</u>	<u>S-108</u>
<u>Certain ERISA considerations</u>	<u>S-114</u>
<u>Underwriting</u>	<u>S-116</u>
<u>Legal matters</u>	<u>S-120</u>
<u>Experts</u>	<u>S-120</u>
<u>Incorporation by reference</u>	<u>S-120</u>

**Prospectus**

<u>Glossary of oil and gas terms</u>	<u>ii</u>
<u>About this prospectus</u>	<u>1</u>
<u>Disclosure regarding forward-looking statements</u>	<u>1</u>
<u>The company</u>	<u>2</u>
<u>Risk factors</u>	<u>3</u>
<u>Use of proceeds</u>	<u>3</u>
<u>Ratio of earnings to fixed charges</u>	<u>3</u>
<u>Dividend policy</u>	<u>3</u>
<u>Description of capital stock</u>	<u>4</u>
<u>Description of debt securities</u>	<u>6</u>
<u>Description of warrants</u>	<u>15</u>
<u>Plan of distribution</u>	<u>16</u>
<u>Selling securityholders</u>	<u>17</u>
<u>Validity of the securities</u>	<u>17</u>
<u>Experts</u>	<u>17</u>
<u>Where you can find more information</u>	<u>18</u>
<u>Incorporation by reference</u>	<u>18</u>

S-i

Table of Contents

## About this prospectus supplement

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of the % Senior Notes due 2022 we are offering and certain other matters. The second part, the base prospectus dated September 22, 2009, provides more general information about the various securities that we may offer from time to time, some of which information may not apply to the notes we are offering hereby. Generally when we refer to this prospectus, we are referring to both this prospectus supplement and the base prospectus combined. If any of the information in this prospectus supplement is inconsistent with any of the information in the base prospectus, you should rely on the information in this prospectus supplement.

---

## Cautionary statement regarding forward-looking statements

Throughout this prospectus supplement and the accompanying prospectus, including the information incorporated by reference herein and therein, we make statements that may be deemed "forward-looking" statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical facts, that address activities, events, outcomes and other matters that Cimarex 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 management's current belief, 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 prospectus supplement and the accompanying prospectus and the documents incorporated by reference herein and therein. Forward-looking statements include statements with respect to, among other things:

- amount, nature and timing of capital expenditures;
- drilling of wells;
- reserve estimates;
- timing and amount of future production of oil and natural gas;
- operating costs and other expenses;
- cash flow and anticipated liquidity;
- estimates of proved reserves, exploitation potential or exploration prospect size;
- marketing of oil and natural gas;
- legislation and regulatory changes; and
- access to capital markets.

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 herein.

Table of Contents

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 such 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, such revisions could change the timing of future production and development drilling. Accordingly, 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 prospectus supplement or the accompanying prospectus, including the information incorporated by reference herein or therein, cause our underlying assumptions to be incorrect, our actual results and plans could differ materially from those expressed in any forward-looking statements.

All forward-looking statements, express or implied, included in this prospectus supplement or the accompanying prospectus, including the information incorporated by reference herein or therein, and attributable to Cimarex are qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that Cimarex or persons acting on its behalf may issue. Cimarex does not undertake any obligation to update any forward-looking statements to reflect events or circumstances after the date of this prospectus supplement, except as required by law.

---

## **Non-GAAP financial measures**

We refer to the terms EBITDA and Adjusted EBITDA (each as defined in "Summary Summary historical consolidated financial data" in various places in this prospectus supplement. EBITDA and Adjusted EBITDA are supplemental financial measures that are not prepared in accordance with GAAP. Any analysis of non-GAAP financial measures should be used only in conjunction with results presented in accordance with GAAP.

The SEC has adopted rules to regulate the use in filings with the SEC and in public disclosures and press releases of "non-GAAP financial measures," such as EBITDA and Adjusted EBITDA and the ratios related thereto. These measures are derived on the basis of methodologies other than in accordance with GAAP. These rules govern the manner in which non-GAAP financial measures are publicly presented and require, among other things:

a presentation with equal or greater prominence of the most comparable financial measure or measures calculated and presented in accordance with GAAP; and

a statement disclosing the purposes for which the registrant's management uses the non-GAAP financial measure.

Our measurements of EBITDA and Adjusted EBITDA may not be comparable to those of other companies. Please see "Summary Summary historical consolidated financial data" for a discussion of our use of EBITDA and Adjusted EBITDA in this prospectus supplement, including the reasons that we believe this information is useful to management and to investors and a reconciliation of EBITDA and Adjusted EBITDA to the most closely comparable financial measures calculated in accordance with GAAP.

Table of Contents

## Glossary of oil and gas terms

In this prospectus, the following terms have the meanings specified below.

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

**Bbls** Barrels (of oil or natural gas liquids)

**Bcf** Billion cubic feet

**Bcfe** Billion cubic feet equivalent

**Btu** British thermal unit

**MBbls** Thousand barrels

**Mcf** Thousand cubic feet (of natural gas)

**Mcfe** Thousand cubic feet equivalent

**MMBbls** Million barrels

**MMBtu** Million British thermal units

**MMcf** Million cubic feet

**MMcf/d** Million cubic feet per day

**MMcfe** Million cubic feet equivalent

**MMcfe/d** Million cubic feet equivalent per day

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

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

**NGL** Natural gas liquids

**Tcf** Trillion cubic feet

**Tcfe** Trillion cubic feet equivalent

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

Table of Contents**Summary**

*This summary highlights selected information contained elsewhere in this prospectus supplement, the accompanying prospectus and the documents we incorporate by reference. It does not contain all of the information you should consider before making an investment decision. You should read the entire prospectus supplement, the accompanying prospectus, the documents incorporated by reference and the other documents to which we refer for a more complete understanding of our business and this offering. Please read the section entitled "Risk Factors" commencing on page S-14 of this prospectus supplement and additional information contained in our Annual Report on Form 10-K for the year ended December 31, 2011, which is incorporated by reference in this prospectus supplement, for financial and other important information you should consider before investing in the notes in this offering.*

*In this prospectus supplement, the terms "Cimarex," "our company," "us," "we" and "our" refer to Cimarex Energy Co. and its consolidated subsidiaries. References to "underwriters" refer to the firms listed on the cover page of this prospectus supplement.*

**Our business**

We are an independent oil and gas exploration and production company. Our operations are mainly located in Texas, Oklahoma, New Mexico and Kansas. Our corporate headquarters is in Denver, Colorado. Our main operating offices are in Tulsa, Oklahoma and Midland, Texas.

Proved reserves at December 31, 2011 totaled 2.05 Tcfe, consisting of 1.2 Tcf of natural gas and 138 million barrels of crude oil and natural gas liquids. Of total proved reserves, 82% are classified as proved developed and 59% are gas.

Our production during 2011 averaged 592.3 MMcfe per day. Average daily production was comprised of 329.1 MMcf of gas (56%) and 43,875 barrels of crude oil and natural gas liquids (44%). The wells we operate account for 81% of our production and 76% of our total proved reserves.

Our operations are organized into two main core areas. Our Mid-Continent assets are principally located in Oklahoma, the Texas Panhandle and southwest Kansas. Our Permian Basin assets are principally located in southeast New Mexico and west Texas. We also have minor operations along the U.S. Gulf Coast, principally in southeast Texas, and in certain other areas. The following table provides a summary of selected information for each of our regional operations as of December 31, 2011.

<b>Region</b>	<b>Proved reserves (Bcfe)</b>	<b>% gas</b>	<b>Proved developed as % of total proved reserves</b>	<b>2011 average daily production (MMcfe/d)</b>	<b>Gross acreage</b>	<b>Net acreage</b>
Mid-continent	1,376	68%	73%	292.6	1,138,766	729,348
Permian Basin	620	40%	99%	194.4	599,087	437,614
Gulf Coast / Other	49	65%	100%	105.3	6,422,955	5,714,531
	<b>2,045</b>	<b>59%</b>	<b>82%</b>	<b>592.3</b>	<b>8,160,808</b>	<b>6,881,493</b>

Table of Contents

**Business strengths**

*Robust organic growth opportunities.* During 2011, we added 587 Bcfe of proved reserves from extensions and discoveries, replacing 272% of production. To do so, we drilled and completed 331 gross (174 net) wells, investing \$1.58 billion on exploration and development activities. Of total expenditures, 47% was invested in Mid-Continent area projects and 46% was directed to Permian Basin projects. The remaining 7% was mainly invested in our southeast Texas Gulf Coast projects. We have a large inventory of drilling opportunities, limited lease expirations and few service commitments. Our exploration and development teams continue to generate projects on our existing acreage inventory and also seek to identify new areas for exploration and development.

*Control our drilling inventory.* We will continue to seek to exercise control over the majority of our properties and investment decisions. At December 31, 2011, we operated the wells that accounted for approximately 76% of our total proved reserves and approximately 81% of our production. We believe our ability to control our drilling inventory will allow us to more effectively control operating costs, timing of development activities and technological enhancements, marketing of production and allocation of our capital budget.

*Strong balance sheet with a conservative capital structure.* Conservative use of leverage has long been a part of our financial strategy. We believe that maintaining a strong balance sheet mitigates financial risk and positions us to be able to withstand commodity price volatility. At year-end 2011, we had \$405 million of long-term debt and our long-term debt to total capitalization ratio was 11%. Based on expected cash flow provided by operating activities and available liquidity under our senior revolving credit facility, we believe we are well positioned to fund our identified future drilling opportunities.

*Experienced management and operational teams.* Our financial and operations executives are led by F. H. Merelli (Chairman of the Board of Directors) and Thomas E. Jorden (President and CEO), who each have over 25 years of experience in the oil and gas industry. Our executive management team is supported by technical and operating managers who also have substantial industry experience and expertise within the basins in which we operate.

**Business strategy**

*Profitably grow proved reserves and production.* Our strategy centers on maximizing cash flow from our producing properties and profitably reinvesting that cash flow in exploration and development drilling. During 2011, our cash flow from operating activities totaled \$1.3 billion. Our total 2011 capital investment was \$1.625 billion, including \$1.58 billion on exploration and development. We funded our capital program primarily with cash flow from operations and property sales.

*Focus on a blended, diversified portfolio.* We are currently focused in two main operating areas: the Mid-Continent region and the Permian Basin. We believe that crude oil and liquids rich gas plays in these two areas offer long-term growth potential. During 2011, 44% of our total production volumes were comprised of crude oil and natural gas liquids ("NGLs"), with the remainder attributable to gas. With an average realized blended sales price of approximately \$73.00/Bbl, revenues from oil and NGLs sales totaled \$1.2 billion in 2011, or 69% of our total commodity sales revenues. Our production in these two regions in the aggregate

Table of Contents

grew 16% in 2011. As of December 31, 2011, the Permian Basin and Mid-Continent comprised 98% of our total proved reserves.

*Employ a disciplined approach to capital investment decision making.* Each drilling decision we make is based on its risk-adjusted discounted cash flow rate of return on investment. Our detailed analysis includes estimates of potential reserve size, geologic and mechanical risks, expected costs, future production profiles and future oil and gas prices. Our integrated teams of geoscientists, landmen and petroleum engineers continually generate new prospects to maintain a rolling portfolio of drilling opportunities in different basins with varying geologic characteristics. We have a centralized exploration management system that measures actual results and provides feedback to the originating exploration team in order to help them improve and refine future investment decisions. We believe that our detailed technical analysis and disciplined capital investment process mitigates risk and positions us to achieve increases in proved reserves and production.

*Maintain ability to pursue new opportunities.* While our primary focus is drilling, we occasionally consider acquisition and merger opportunities that allow us to either enhance our competitive position in existing core areas or add new areas. The 2005 Magnum Hunter Resources, Inc. acquisition significantly increased our presence in the Permian Basin and enhanced our Mid-Continent operations in the Texas Panhandle. In 2008, we acquired 38,000 net acres in our western Oklahoma Cana-Woodford shale play, and we have continued to increase our acreage positions in this play over the last three years.

## **Recent events**

### *Tender offer and consent solicitation and redemption*

Concurrently with the commencement of this offering, we commenced a cash tender offer (the "Tender Offer") for any and all of the \$350.0 million outstanding aggregate principal amount of our 7<sup>1</sup>/<sub>8</sub>% Senior Notes due 2017 (the "2017 Senior Notes") and a consent solicitation (the "Consent Solicitation") with respect to certain proposed amendments to the indenture governing the 2017 Senior Notes, which would eliminate all of the principal restrictive covenants of such indenture, certain events of default and certain other provisions contained therein. We are offering to purchase the 2017 Senior Notes at a purchase price of \$1,035.63 per \$1,000 principal amount, plus accrued and unpaid interest, plus a \$3.75 consent fee for each \$1,000 principal amount of 2017 Senior Notes validly tendered and not withdrawn before 5:00 p.m., New York City time, on April 4, 2012 (the "consent date"). 2017 Senior Notes tendered after the consent date will not receive the consent fee. The Tender Offer will expire at 12:00 midnight on April 18, 2012. This prospectus supplement is not an offer to purchase or a solicitation of an offer to sell the 2017 Senior Notes.

The consummation of the Tender Offer and Consent Solicitation is conditioned upon the satisfaction, or waiver by us, of certain conditions, including the receipt of aggregate net cash proceeds from this offering sufficient to finance the payment of the consideration to holders of the 2017 Senior Notes that participate in the Tender Offer and Consent Solicitation. The completion of this offering is not conditioned upon completion of the Tender Offer and Consent Solicitation.

The 2017 Senior Notes will be redeemable at our option beginning on May 1, 2012, and we currently expect that we will exercise our right to optionally redeem any and all 2017 Senior

Table of Contents

Notes that have not been accepted and paid for in the Tender Offer (the "Redemption") at a price equal to 103.563% of the principal amount thereof, plus accrued unpaid interest to the redemption date.

We intend to finance the Tender Offer and/or the Redemption with a portion of the net proceeds of this offering. The remaining net proceeds will be used for general corporate purposes, including reducing borrowings under our senior revolving credit facility. J.P. Morgan Securities LLC is serving as dealer manager and consent solicitation agent for the Tender Offer and Consent Solicitation and certain of the underwriters and their affiliates are lenders to us under our senior revolving credit facility and may own certain of the 2017 Senior Notes subject to the Tender Offer. See "Use of proceeds."

For purposes of this prospectus supplement, we have assumed that all of the outstanding 2017 Senior Notes are tendered on or prior to the consent date and accepted for purchase in the Tender Offer.

***2011 financial and operating results***

On February 15, 2012, we announced our 2011 financial results. For the year-ended December 31, 2011, net income totaled \$529.9 million as compared to \$574.8 million for 2010. Full-year 2011 cash provided by operating activities totaled \$1.3 billion versus \$1.1 billion for 2010.

Proved reserves grew 9% to 2.05 Tcfe in 2011. Adjusting for the impact of property sales, proved reserves increased 23% in 2011. Reserves added through drilling replaced 272% of production in 2011.

Full-year 2011 investment for exploration and development totaled \$1.58 billion. Funding of the capital program was largely provided by cash provided by operating activities and property sales. Long-term debt at December 31, 2011 was \$405 million and long-term debt to total capitalization ratio at year-end was 11%.

On February 15, 2012, we announced that our 2012 capital expenditure budget is expected to range from \$1.4-\$1.6 billion. We expect nearly all the 2012 capital will be directed towards crude oil drilling or liquids-rich gas drilling in the Permian and Mid-Continent regions. Actual amount invested will depend on our calculated rate of return which is significantly influenced by commodity prices.

**Corporate information**

We are a Delaware corporation formed in February 2002. Our principal executive offices are located at 1700 Lincoln Street, Suite 1800, Denver, Colorado 80203. Our common stock is listed on the New York Stock Exchange under the symbol "XEC." We maintain a web site at [www.cimarex.com](http://www.cimarex.com). However, our website and the information on our website is not part of this prospectus supplement or the accompanying prospectus, and you should rely only on the information contained in this prospectus supplement and the accompanying prospectus and in the documents incorporated by reference herein and therein when making a decision as to whether to buy the notes in this offering.

Table of Contents**The offering**

*The following summary contains basic information about the notes and is not intended to be complete. For a more complete understanding of the notes and the note guarantees, please refer to the section entitled "Description of notes" in this prospectus supplement and "Description of debt securities" in the accompanying prospectus. For purposes of the description of notes included in this prospectus, references to the "Company", "issuer", "us", "we" and "our" refer to Cimarex Energy Co. and do not include our subsidiaries.*

<b>Issuer</b>	Cimarex Energy Co.
<b>Securities offered</b>	\$650,000,000 aggregate principal amount of      % Senior Notes due 2022.
<b>Maturity date</b>	, 2022.
<b>Interest rate</b>	% per year.
<b>Interest payment dates</b>	from      and      , commencing      , 2012. Interest will accrue
<b>Optional redemption</b>	<p>The notes will be redeemable at our option, in whole or in part, at any time on and after      , 2017, at the redemption prices set forth in this prospectus supplement, together with accrued and unpaid interest, if any, to the date of redemption.</p> <p>At any time prior to      , 2015, we may redeem up to 35% of the original principal amount of the notes with the proceeds of certain equity offerings at a redemption price of      % of the principal amount of the notes, together with accrued and unpaid interest, if any, to the date of redemption.</p> <p>At any time prior to      , 2017, we may also redeem all, but not part, of the notes at a price equal to 100% of the principal amount of the notes plus accrued and unpaid interest plus a "make-whole" premium.</p>
<b>Change of control offer</b>	Upon the occurrence of specific kinds of changes of control, you will have the right, as holders of the notes, to cause us to repurchase some or all of your notes at 101% of their face amount, plus accrued and unpaid interest to, but not including, the repurchase date. See "Description of notes Change of control" in this prospectus supplement.
<b>Asset disposition offer</b>	If the issuer or its restricted subsidiaries sell assets, under certain circumstances, the issuer will be required to use the net proceeds to make an offer to purchase notes at an offer price in cash in an amount equal to 100% of the principal amount of the notes plus accrued and unpaid interest to the repurchase date. See "Description of notes Certain covenants Limitations on sales of assets and subsidiary stock" in this prospectus supplement.

Table of Contents

**Note guarantees**

The notes will be guaranteed on a senior unsecured basis by all of our existing and future subsidiaries that guarantee our senior revolving credit facility or that guarantee certain other indebtedness, subject to certain exceptions. Under certain circumstances, subsidiary guarantors may be released from their note guarantees without the consent of the holders of notes. See "Description of notes - Subsidiary guarantees" and " Certain covenants - Future subsidiary guarantees" in this prospectus supplement.

As of and for the year ended December 31, 2011, our non-guarantor subsidiaries had no operations, assets, liabilities or obligations, excluding intercompany amounts.

**Ranking**

The notes and the note guarantees will be our and the subsidiary guarantors' senior unsecured obligations and will:

rank senior in right of payment to all of our and the subsidiary guarantors' existing and future subordinated indebtedness;

rank equally in right of payment with all of our and the subsidiary guarantors' existing and future senior indebtedness;

be effectively subordinated to any of our and the subsidiary guarantors' existing and future secured debt, to the extent of the value of the assets securing such debt; and

be structurally subordinated to all of the existing and future liabilities (including trade payables) of each of our subsidiaries that do not guarantee the notes.

As of December 31, 2011, after giving effect to this offering and our use of the net proceeds therefrom as described under "Use of proceeds":

we would have had approximately \$650 million of total indebtedness, representing the notes;

we would not have had any secured indebtedness or subordinated indebtedness;

we would have had commitments available to be borrowed under the senior revolving credit facility (borrowing base of \$2.0 billion) of \$797.5 million (after giving effect to \$2.5 million of outstanding letters of credit), all of which, if borrowed, would rank equally in right of payment to the notes; and

our non-guarantor subsidiaries would not have had any obligations or liabilities (other than inter-company amounts).

Table of Contents

**Covenants**

We will issue the notes under an indenture with U.S. Bank National Association, as trustee. The indenture will, among other things, limit our ability and the ability of our restricted subsidiaries to:

incur additional indebtedness and guarantee indebtedness;

pay dividends or make other distributions or repurchase or redeem our capital stock;

prepay, redeem or repurchase certain debt;

issue certain preferred stock or similar equity securities;

make loans and investments;

sell or otherwise dispose of assets, including capital stock of subsidiaries;

incur liens;

enter into transactions with affiliates;

alter the businesses we conduct;

enter into agreements restricting our subsidiaries' ability to pay dividends; and

consolidate, merge or sell all or substantially all of our assets.

These covenants will be subject to a number of important exceptions and qualifications. For more details, see "Description of notes" in this prospectus supplement.

In addition, from and after the time the notes have an investment grade rating from both Standard & Poor's Ratings Group, Inc. and Moody's Investors Service, Inc., and no default exists under the indenture, we will not be subject to certain of the covenants listed above, even if the notes subsequently cease to have investment grade ratings.

**Absence of public market for the notes**

The notes are a new issue of securities and there is currently no established trading market for the notes. We do not intend to apply for a listing of the notes on any securities exchange or an automated dealer quotation system. Accordingly, there can be no assurance as to the development or liquidity of any market for the notes. The underwriters have advised us that they currently intend to make a market in the notes. However, they are not obligated to do so, and any market making with respect to the notes may be discontinued without notice.



Table of Contents

**Use of proceeds**

We intend to use a portion of the net proceeds of this offering to fund the repurchase of the 2017 Senior Notes in the Tender Offer and, if applicable, the Redemption. J.P. Morgan Securities LLC is serving as the dealer manager and consent solicitation agent for the Tender Offer and Consent Solicitation. We intend to use the remaining net proceeds for general corporate purposes, including reducing borrowings under our senior revolving credit facility. Certain of the underwriters and their affiliates are lenders to us under our senior revolving credit facility and may own certain of the 2017 Senior Notes subject to the Tender Offer. See "Use of proceeds" in this prospectus supplement.

**Risk factors**

In evaluating an investment in the notes, prospective investors should carefully consider, along with the other information contained or incorporated in this prospectus, the specific factors set forth under "Risk factors" in this prospectus supplement for risks involved with an investment in the notes.

Table of Contents**Summary historical consolidated financial data**

The following table shows our summary historical consolidated financial data as of and for the periods indicated. Our consolidated statement of operations and cash flows data for the fiscal years ended December 31, 2011, 2010 and 2009 and the consolidated balance sheet data as of December 31, 2011 and 2010 have been derived from our audited financial statements incorporated by reference in this prospectus supplement. The consolidated balance sheet data as of December 31, 2009 have been derived from our consolidated financial statements that are not incorporated by reference in this prospectus supplement. Certain historical amounts have been reclassified to conform to the current presentation.

You should read the summary historical consolidated financial data below in conjunction with our consolidated financial statements and the accompanying notes and "Management's Discussion and Analysis of Results of Operations and Financial Condition" included in our Annual Report on Form 10-K for the year ended December 31, 2011, which is incorporated by reference in this prospectus supplement.

(Dollars in thousands)	Year ended December 31,		
	2011	2010	2009
<b>Statement of operations data:</b>			
<b>Revenues:</b>			
Gas sales	\$ 530,334	\$ 653,793	\$ 485,448
Oil sales	909,344	755,618	468,833
NGL sales	263,842	149,151	8,162
Gas gathering, processing and other	53,640	54,662	46,763
Gas marketing, net of related costs of \$119,725, \$99,713 and \$68,719, respectively	729	459	588
Total revenue	\$ 1,757,889	\$ 1,613,683	\$ 1,009,794
<b>Costs and expenses:</b>			
Impairment of oil and gas properties	\$	\$	\$ 791,137
Depreciation, depletion and amortization	390,461	304,222	265,699
Asset retirement obligation	11,451	7,322	12,313
Production	247,048	194,015	178,215
Transportation	61,829	49,968	33,758
Gas gathering and processing	18,209	22,162	20,560
Taxes other than income	126,468	121,781	75,634
General and administrative	45,256	48,620	41,724
Stock compensation, net	18,949	12,353	9,254
(Gain)/loss on derivative instruments, net	(10,322)	(62,696)	13,059
Other operating, net	10,263	4,575	24,263
Total costs and expenses	\$ 919,612	\$ 702,322	\$ 1,465,616
Operating income (loss)	\$ 838,277	\$ 911,361	\$ (455,822)
<b>Other (income) and expense:</b>			
Interest expense	35,611	36,613	39,777
Capitalized interest	(29,057)	(29,215)	(23,408)
Gain on early extinguishment of debt		(3,776)	
Other, net	(9,758)	(5,992)	16,290
Income (loss) before income tax	\$ 841,481	\$ 913,731	\$ (488,481)
Income tax expense (benefit)	311,549	338,949	(176,538)
Net income (loss)	\$ 529,932	\$ 574,782	\$ (311,943)



Table of Contents

(Dollars in thousands)	Year ended December 31,		
	2011	2010	2009
<b>Balance sheet data (as of period end):</b>			
Cash and cash equivalents	\$ 2,406	\$ 114,126	\$ 2,544
Net oil and gas properties	4,126,208	2,922,358	2,184,916
Total assets	5,428,577	4,358,247	3,444,537
Long-term debt	405,000	350,000	392,793
Stockholders' equity	3,130,613	2,609,832	2,038,106
<b>Cash flows data:</b>			
Net cash flow provided by (used in):			
Operating activities	\$ 1,292,275	\$ 1,130,432	\$ 675,177
Investing activities	(1,429,446)	(977,558)	(444,094)
Financing activities	25,451	(41,292)	(229,752)
<b>Other financial data:</b>			
EBITDA(1)	\$ 1,238,496	\$ 1,225,351	\$ (206,413)
Adjusted EBITDA(1)	1,249,947	1,232,673	597,037
Total interest(2)	35,611	36,613	39,777
Oil and gas expenditures(3)	1,562,159	959,751	535,308
Ratio of long-term debt to Adjusted EBITDA	0.32x	0.28x	0.66x
Ratio of Adjusted EBITDA to total interest(4)	35.1x	33.7x	15.0x
Ratio of earnings to fixed charges(5)	22.7x	23.9x	(6)

(1) EBITDA represents net earnings before income taxes, interest expense and depreciation, depletion and amortization. Adjusted EBITDA represents EBITDA adjusted for asset retirement obligation expense and impairment of oil and gas properties. EBITDA and Adjusted EBITDA are not measures calculated in accordance with generally accepted accounting principles (GAAP). EBITDA and Adjusted EBITDA should not be considered as an alternative to net income, income before taxes, net cash flow provided by operating activities or any other measure of financial performance presented in accordance with GAAP. We believe that EBITDA and Adjusted EBITDA are widely accepted financial indicators of a company's ability to incur and service debt and to fund capital expenditures. Because EBITDA and Adjusted EBITDA are commonly used in the oil and gas industry, we believe they are useful in evaluating our ability to meet our interest obligations in connection with this offering. EBITDA and Adjusted EBITDA calculations may vary among entities, so our computation of EBITDA and Adjusted EBITDA may not be comparable to EBITDA and Adjusted EBITDA or similar measures of other entities. In evaluating EBITDA and Adjusted EBITDA, we believe that investors should consider, among other things, the amount by which EBITDA and Adjusted EBITDA exceed interest costs, how EBITDA and Adjusted EBITDA compare to principal payments on debt and how EBITDA and Adjusted EBITDA compare to capital expenditures for each period.

The following table provides a reconciliation of net income (loss) to EBITDA and Adjusted EBITDA:

(Dollars in thousands)	Year ended December 31,		
	2011	2010	2009
Net income (loss)	\$ 529,932	\$ 574,782	\$(311,943)
Income tax expense (benefit)	311,549	338,949	(176,538)
Interest expense, net of capitalized interest	6,554	7,398	16,369
Depreciation, depletion and amortization	390,461	304,222	265,699
<b>EBITDA</b>	<b>\$ 1,238,496</b>	<b>\$ 1,225,351</b>	<b>\$(206,413)</b>

Asset retirement obligation expense	11,451	7,322	12,313
Impairment of oil and gas properties			791,137

**Adjusted EBITDA** **\$ 1,249,947** **\$ 1,232,673** **\$ 597,037**

(2) Includes capitalized interest of \$29,057, \$29,215 and \$23,408 for the years ended December 31, 2011, 2010 and 2009, respectively.

(3) As presented on our consolidated Statements of Cash Flows included in our Annual Report on Form 10-K for the year ended December 31, 2011 and incorporated by reference herein.

(4) Represents Adjusted EBITDA divided by total interest. The ratio of net income to total interest for the years ended December 31, 2011 and 2010 were 14.9x and 15.7x, respectively. The deficiency for the year ended December 31, 2009 was \$509.5 million. The insufficiency was primarily a result of a non-cash impairment of oil and gas properties totaling \$791 million that was recorded due to a significant decrease in natural gas prices during the first quarter of 2009.

Table of Contents

(5) The ratio of earnings to fixed charges was computed by dividing earnings by fixed charges. Earnings consist of income from continuing operations before income taxes and cumulative change in accounting principle plus distributions received from equity investments, and fixed charges, minus income from equity investees and capitalized interest. Fixed charges consist of interest expensed, which includes amortization of the discount and premium related to indebtedness, an estimated interest component in net rental expense, and interest capitalized.

(6) In 2009, earnings were insufficient to cover fixed charges by \$509.5 million and therefore no ratio is shown. The insufficiency was primarily a result of a non-cash impairment of oil and gas properties totaling \$791 million that was recorded due to a significant decrease in natural gas prices during the first quarter of 2009.

Table of Contents**Summary reserve, production and operating data**

Proved oil and gas reserve quantities are based on estimates prepared by Cimarex in accordance with the SEC's modernized rules for reporting oil and gas reserves. DeGolyer and MacNaughton, an independent petroleum engineering consulting firm, reviewed our reserve estimates for properties that comprised at least 80% of the discounted future net cash flows before income taxes, using a 10% discount rate, attributable to the total interests owned by Cimarex as of December 31, 2011, 2010 and 2009. All information included or incorporated by reference in this prospectus supplement relating to oil and gas reserves is net to our interest unless stated otherwise. The following table sets forth the present value and estimated volume of our oil and gas proved reserves:

	<b>As of December 31,</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>Total proved reserves:</b>			
Gas (MMcf)	1,216,441	1,254,166	1,186,585
Oil (MBbls)	72,322	63,656	56,764
NGL (MBbls)	65,815	41,310	1,253
Equivalent (MMcfe)	2,045,265	1,883,957	1,534,689
% gas	59%	67%	77%
% proved developed	82%	77%	77%
Standardized measure of discounted future net cash flow after-tax, discounted at 10% (in thousands)	\$ 3,139,750	\$ 2,515,277	\$ 1,667,955
Average price used in calculation of future net cash flow:			
Gas (\$/Mcf)	\$ 3.79	\$ 4.12	\$ 3.56
Oil (\$/Bbl)	\$ 89.64	\$ 75.35	\$ 57.58
NGL (\$/Bbl)	\$ 41.70	\$ 33.89	\$ 28.53

Table of Contents

The following table sets forth certain information regarding our production volumes and the average oil and gas prices received and operating expenses per Mcfe of production:

	<b>Years ending December 31,</b>		
	<b>2011</b>	<b>2010</b>	<b>2009</b>
<b>Production volumes:</b>			
Gas (MMcf)	120,113	132,813	117,968
Oil (MBbls)	9,778	9,844	8,278
NGL (MBbls)	6,236	4,272	220
Equivalent (MMcfe)	216,198	217,509	168,956
<b>Net average daily volumes:</b>			
Gas (MMcf)	329.1	363.9	323.2
Oil (MBbls)	26.8	27.0	22.7
NGL (MBbls)	17.1	11.7	0.6
Equivalent (MMcfe)	592.3	595.9	462.9
<b>Average sales price:</b>			
Gas (\$/Mcf)	\$ 4.42	\$ 4.92	\$ 4.12
Oil (\$/Bbl)	\$ 93.00	\$ 76.76	\$ 56.63
NGL (\$/Bbl)	\$ 42.31	\$ 34.91	\$ 37.11
<b>Production cost (\$/Mcf)</b>	<b>\$ 1.14</b>	<b>\$ 0.89</b>	<b>\$ 1.05</b>

The following table summarizes average daily production by region for 2011 and 2010:

	<b>Years ending</b>	
	<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>
	<b>(MMcfe/d)</b>	<b>(MMcfe/d)</b>
Mid-Continent	292.6	255.4
Permian Basin	194.4	165.4
Gulf Coast/Other	105.3	175.1
Total	592.3	595.9

Table of Contents

## **Risk factors**

*Any investment in the notes involves a high degree of risk. You should carefully consider the risks described below, and all of the information contained or incorporated by reference into this prospectus supplement before deciding whether to purchase the notes. The risks and uncertainties described below and in such incorporated documents are not the only risks and uncertainties that we face. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations. If any of these risks actually occurs, our business, financial condition or results of operations would suffer.*

*This prospectus supplement, the accompanying prospectus and the documents incorporated by reference also include forward-looking statements, which involve risks and uncertainties. Our actual results may differ substantially from those discussed in these forward-looking statements as a result of a number of factors, including the risks described below and elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and therein. See "Cautionary statement regarding forward-looking statements" in this prospectus supplement.*

### **Risks relating to our business**

***Oil, gas, and NGL prices fluctuate due to a number of uncontrollable factors, creating a component of uncertainty in our development plans and overall operations. Declines in prices adversely affect our financial results and rate of growth in proved reserves and production.***

Oil and gas markets are very volatile. We cannot predict future prices. The prices we receive for our production heavily influence our revenue, profitability, access to capital and future rate of growth. The prices we receive for our production depend on numerous factors beyond our control. These factors include, but are not limited to, changes in global supply and demand for oil and gas, geopolitical instability, the actions of the Organization of Petroleum Exporting Countries, the level of global oil and gas exploration and production activity, weather conditions, technological advances affecting energy consumption, governmental regulations and taxes, and the price and technological advancement of alternative fuels.

Our proved oil and gas reserves and production volumes decrease in quantity unless we successfully replace the reserves we produce with new discoveries or acquisitions. Accordingly, for the foreseeable future, we expect to make substantial capital investments for the exploration and development of new oil and gas reserves. Historically, we have paid for these types of capital expenditures with cash flow provided by our production operations. Low prices reduce the amount of oil and gas that we can economically produce and may cause us to curtail, delay or defer certain exploration and development projects. Moreover, our ability to borrow under our bank credit facility and to raise additional debt or equity capital to fund acquisitions may also be impacted.

***If prices decrease, we may be required to take write-downs of the carrying values of our oil and gas properties and/or our goodwill.***

Accounting rules require that we periodically review the carrying value of our oil and gas properties and goodwill for possible impairment. If prices decrease significantly, we may incur impairment charges in the future, which could have a material adverse effect on our results of operations in the period taken. For example, low prices contributed to the impairment charge of \$791 million that we recorded in the carrying value of our oil and gas properties in 2009.

Table of Contents

***Global financial markets may impact our business and financial condition.***

Recurrence of a credit crisis or other turmoil in the global financial system may have an impact on our business and our financial condition. Our ability to access the capital markets may be restricted at a time when we would like, or need, to raise financing. This could have an impact on our flexibility to react to changing economic and business conditions. Deteriorating economic conditions could have an impact on our lenders, purchasers of our oil and gas production and working interest owners in properties we operate, causing them to fail to meet their obligations to us.

***Failure to economically replace commercial quantities of new oil and gas reserves could negatively affect our financial results and future rate of growth.***

In order to replace the reserves depleted by production and to maintain or grow our total proved reserves and overall production levels, we must locate and develop new oil and gas reserves or acquire producing properties from others. This can require significant capital expenditures and can impose reinvestment risk for our company, as we may not be able to continue to replace our reserves economically. While we may from time to time seek to acquire proved reserves, our main business strategy is to grow through drilling. Without successful exploration and development, our reserves, production and revenues could decline rapidly, which would negatively impact our results of operations.

Exploration and development involves numerous risks, including new regulations or legislation and 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 also from productive wells that do not produce sufficient reserves to return a profit or from declines in commodity prices.

Our 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. In addition, 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 and completion services may also negatively impact our drilling operations.

***Our proved reserve estimates may be inaccurate and future net cash flows are uncertain.***

Estimates of total proved oil and gas reserves (consisting of proved developed and proved undeveloped reserves) and associated future net cash flow depend on a number of variables and assumptions. See "Cautionary statement regarding forward-looking statements." Among others, changes in any of the following factors may cause actual results to vary considerably from estimates:

timing of development expenditures;

amount of required capital expenditures and associated economics;

recovery efficiencies, decline rates, drainage areas, and reservoir limits;

anticipated reservoir and production characteristics; and interpretations of geologic and geophysical data;

production rates, reservoir pressure, unexpected water encroachment, and other subsurface conditions;

Table of Contents

future oil, gas, and NGL prices;

effects of governmental regulation;

future operating costs;

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

work-over and remediation costs; and

Federal and state income taxes.

At December 31, 2011, 18% of our total proved reserves are categorized as proved undeveloped. Of these proved undeveloped reserves, 98% are in our western Oklahoma, Cana-Woodford shale play.

Our proved oil and gas reserve estimates are prepared by Cimarex engineers in accordance with guidelines established by the SEC. DeGolyer and MacNaughton, independent petroleum engineers, reviewed our reserve estimates for properties that comprised at least 80% of the discounted future net cash flows before income taxes, using a 10% discount rate, as of December 31, 2011.

The cash flow amounts referred to in this prospectus supplement and the documents incorporated by reference herein should not be construed as the current market value of our proved reserves. In accordance with SEC guidelines, the estimated discounted net cash flow from proved reserves is based on the average of the previous twelve months' prices and costs as of the date of the estimate, whereas actual future prices and costs may be materially different.

***Hedging transactions may limit our potential gains and involve other risks.***

To manage our exposure to price risk, we from time to time enter into hedging arrangements. We use commodity derivatives with respect to a significant portion of our future production. For 2012, we have hedged approximately 50% of our anticipated oil production. The goal of these hedges is to lock in prices so as to limit volatility and increase the predictability of cash flow. These transactions limit our potential if oil and gas prices rise above the price established by the hedges.

In addition, hedging transactions may expose us to the risk of financial loss in certain circumstances, including instances in which:

the counterparties to our futures contracts fail to perform under the contracts;

a sudden unexpected event materially impacts oil and natural gas prices;

our production is less than expected; or

there is a widening of price basis differentials between delivery points for our production and the delivery point assumed in the hedge arrangement.

Because all of our derivative contracts are accounted for under mark-to-market accounting, we expect continued volatility in derivative gains or losses on our income statement as changes occur in the relevant price indexes.



Table of Contents

***We have been an early entrant into new or emerging resource development projects. As a result, our drilling results in these areas are uncertain. The value of our undeveloped acreage may decline and we may incur impairment charges if drilling results are unsuccessful.***

New or emerging oil and gas resource development projects have limited or no production history. Consequently, in those areas we may not have past drilling results to help predict our future drilling results. Therefore, our cost of drilling, completing and operating wells in these areas may be higher than initially expected. The value of our undeveloped acreage may decline if drilling results are unsuccessful. Furthermore, if drilling results are unsuccessful, we may be required to write down the carrying value of our undeveloped acreage in new or emerging plays.

Unless production is established during the primary term of certain of our undeveloped oil and gas leases, the leases will expire, and we will lose our right to develop those properties.

***Our business depends on oil and gas transportation facilities, most of which are owned by others.***

Our oil and natural gas production depends in large part on the availability, proximity and capacity of pipeline systems and transportation facilities owned by third parties. The lack of available capacity on these systems and facilities (or the lack of such systems and facilities in proximity to our wells) could result in the shut-in of producing wells or the delay or discontinuance of drilling plans for properties. The lack of availability of these facilities for an extended period of time could negatively affect our revenues.

Federal and state regulation of oil and natural gas production and transportation, adverse court rulings, tax and energy policies, changes in supply and demand, pipeline pressures, damage to or destruction of pipelines and general economic conditions could adversely affect our ability to produce, gather and transport oil and natural gas.

***Competition in our industry is intense and many of our competitors have greater financial and technological resources.***

We operate in the competitive area of oi