CIMAREX ENERGY CO
Form 11-K
June 21, 2007

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D C 20549

Form 11-K

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

For the fiscal year ended December 31, 2006

OR

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

For the transition period from to

Commission file number 001-31446

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

CIMAREX ENERGY CO. 401(k) PLAN

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

CIMAREX ENERGY CO.

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

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

Cimarex Energy Co.
401(k) Plan

Financial Statements

and Supplemental Schedule

As of December 31, 2006 and 2005

and For the Year Ended December 31, 2006

Cimarex Energy Co.
401(k) Plan

Contents

Report of Independent Registered Public Accounting Firm

The Participants, Audit Committee of Cimarex Energy Co. and

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

We have audited the accompanying statements of net assets available for plan benefits of Cimarex Energy Co. 401(k) Plan (the Plan) as of December 31, 2006 and 2005, and the related statement of changes in net assets available for plan benefits for the year ended December 31, 2006. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 2006 and 2005, and the changes in net assets available for plan benefits for the year ended December 31, 2006 in conformity with U.S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2006 is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan s management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ Anton Collins Mitchell
LLP

Denver, Colorado

June 20, 2007

Cimarex Energy Co.
401(k) Plan

Statements of Net Assets Available for Plan Benefits

December 31,	2006	2005
Assets		
Investments, at fair value (Notes 2, 3, 5 and 6):		
Common/collective trust (at fair value)	**$ 5,497,973**	$ 4,914,722
Registered investment companies	**27,832,971**	18,645,539
Cimarex Energy Co. Common Stock	**9,809,425**	10,461,055
Participant loans	**495,701**	523,491
Total investments	**43,636,070**	34,544,807
Contributions receivable:		
Employee		102,921
Employer		74,114
Total contributions receivable		177,035
Net Assets available for plan benefits at fair value	**43,636,070**	34,721,842
Adjustment from fair value to contract value for interest in common/collective trust in fully benefit-responsive investment contracts	**52,905**	64,813
Net assets available for plan benefits	**$ 43,688,975**	$ 34,786,655

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

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

2

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

Cimarex Energy Co.
401(k) Plan

Statement of Changes in Net Assets Available for Plan Benefits

For the Year Ended December 31,	**2006**
Additions to net assets attributed to:	
Contributions:	
Participant contributions	**$ 4,859,503**
Employer contributions, net of forfeitures	**2,926,917**
Participant rollover contributions	**1,188,946**
Investment Income (Note 2):	
Net appreciation in fair value of investments (Note 3)	**212,724**
Interest and dividend income	**1,383,776**
Interest income on participant loans	**34,759**
Total additions	**10,606,625**
Deductions from net assets attributed to:	
Benefits paid to participants	**1,703,304**
Loan administrative expenses paid by participant	**1,001**
Total deductions	**1,704,305**
Net increase	**8,902,320**
Net assets available for plan benefits, beginning of year	**34,786,655**
Net assets available for plan benefits, end of year	**$ 43,688,975**

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

Cimarex Energy Co.
401(k) Plan

Notes to Financial Statements

1. Plan Description

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

On February 25, 2002, Key Production Co., Inc. (Key) and Helmerich & Payne, Inc. (H&P) signed a definitive agreement that provided for H&P to spin off its oil and gas division to its shareholders and for the new company to combine with Key to form Cimarex Energy Co. The merger was approved by both Companies Board of Directors and Key shareholders and was completed on September 30, 2002.

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

Plan Merger and Plan Transfers

Effective November 1, 2002, the Key Production Company, Inc. 401(k) Plan (Key Plan) was merged into the Plan. All employees of Key on September 30, 2002 who became employees of Cimarex on October 1, 2002 were or will be (if not yet participating) fully vested in his/her account regardless of Plan Entry Date.

Also, on November 18, 2002, plan accounts of the employees who previously were enrolled in the Helmerich & Payne, Inc. 401(k)/Thrift Savings Plan (the H&P Plan) were transferred to the Plan due to those individuals employment changing from H&P to Cimarex effective September 30, 2002 in connection with the financial restructuring that occurred effective that day which resulted in the formation of Cimarex. H&P employees on September 30, 2002 who became Cimarex employees on October 1, 2002 were or will be fully vested regardless of Plan Entry Date.

On June 7, 2005, Cimarex merged with Magnum Hunter Resources, Inc. (Magnum Hunter) and its subsidiary Gruy Petroleum Management Co. (Gruy). Cimarex is the surviving company and the Plan provides for the participation of and grant of prior service credit to the employees of Magnum Hunter and Gruy as of July 1, 2005.

General

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

Trustee and Administrator of the Plan

The trustee of the Plan is Vanguard Fiduciary Trust Company (Vanguard). The trustee holds all assets of the Plan in accordance with provisions of the agreement with the Company. All assets of the Plan are with the investment plan accounts of Vanguard. Vanguard is also the record keeper of the Plan.

Eligibility

All non-excludable employees of the Company who have obtained the age of 18 and who have completed three months of service in which they were credited with at least 250 hours of service or who have completed one year of service are eligible to participate in the Plan. Excludable employees include leased employees, members of a collective bargaining unit, commissioned salespersons, independent contractors and non-resident aliens. All former employees of Key and H&P who became employees of the Company effective September 30, 2002, as part of the merger, were immediately eligible to participate in the Plan. All former employees of Magnum Hunter and Gruy who became employees of the Company effective July 1, 2005 were immediately eligible to participate in the Plan. Employees may enter the Plan on the first day of each calendar month after meeting plan requirements. A participant may modify his/her deferral election beginning the first pay period of each month if desired.

Contributions

A participant may enter into a salary reduction agreement with the Company whereby the amount withheld is contributed to the Plan during the plan year on behalf of each participant (as an employee s elective 401(k) deferred salary contribution). In no event shall the portion of earnings to be deferred be less than 1% of the participant s earnings nor more than 50% of the participant s pre-tax annual compensation, as defined in the Plan document, subject to annual Internal Revenue Code (IRC) dollar limits ($15,000 for 2006). The Plan also allows catch-up contributions for participants over the age of 50 based on IRC limitations ($5,000 in 2006.)

The Company will then make a matching contribution to the Plan during the plan year, on behalf of each participant, equal to 100% of the contributions made by the participant pursuant to the written salary reduction agreement between the participant and the Company. In no event, however, shall the Company s matching contribution, on behalf of a participant, exceed an amount equal to 5% of each participant s eligible compensation, as defined in the Plan document. The matching contribution calculation is also subject to the IRC annual compensation limit ($220,000 for 2006.) Catch-up contributions are not matched by the Company. The Plan also allows for a profit-sharing contribution by the employer. There was no profit-sharing contribution for the year ended December 31, 2006.

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

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

Participant Accounts

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

Investment Options

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

Participant Loans

An employee may, with the consent of the plan administrator, borrow the lesser of $50,000 or one-half of their vested account balance. Participants may not have more than one loan outstanding at any time and the minimum original loan amount is $1,000. Participants may not apply for another loan within 6 months of the date on which the previous loan was paid in full. With respect to participants whose loans were transferred from the H&P Plan who had more than one loan outstanding, the loans are permitted to be repaid according to their existing terms. The maximum loan term is five years, except for a loan to acquire a participant s principal residence which may have a term of ten years. A participant s loan shall become due and payable if such participant fails to make a principal and/or interest payment as provided in the loan agreement, subject to a short grace period. The loans are secured by the balance in the participant s account, and bear interest at a rate of 1% above prime rate. Interest rates for the loans range from 5.5% to 9.25% as of December 31, 2006. Prin