Expensive Schooling in Woodford Play

January 14, 2009

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Woodford Shale – Anadarko Basin

What is past is prologue

Shakespeare
Woodford Shale – Anadarko Basin

- Strong position in core of the play
- CHK land-deal adds 38,000 net acres, 88% HBP with high average NRI ~84%
- XEC position totals over 88,000 acres, nearly 50% HBP with average NRI 75%-85%
- Currently five operated rigs running
• First Cimarex well – Jameson #1-27 spud 5/27/07. Drilled to 15,138’ MD with 2229’ long lateral in 53 days

• Since then, Cimarex has drilled or partnered in 30 more wells

• Latest well forecasted to TD at 17,508’ MD with 4540’ lateral in 50 days
# Woodford Shale – Anadarko Basin

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Fort Worth-BARNETT</th>
<th>N. Louisiana-HAYNESVILLE</th>
<th>Arkoma-WOODFORD</th>
<th>Anadarko-WOODFORD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depth, ft.</td>
<td>6,000-9,000</td>
<td>10,500-13,500</td>
<td>6,000-14,000</td>
<td><strong>10,000-17,000</strong></td>
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<tr>
<td>Thickness, ft.</td>
<td>300-500</td>
<td>200-240</td>
<td>100-220</td>
<td><strong>120-280</strong></td>
</tr>
<tr>
<td>Total organic carbon, TOC %</td>
<td>3.5-8%</td>
<td>3-5%</td>
<td>3-10%</td>
<td><strong>3-9%</strong></td>
</tr>
<tr>
<td>Porosity, %</td>
<td>4-6%</td>
<td>8-12%</td>
<td>3-6.5%</td>
<td><strong>4-10%</strong></td>
</tr>
<tr>
<td>Recovery factor, %</td>
<td>20-50%</td>
<td>30%</td>
<td>35-50%</td>
<td><strong>25-40%</strong></td>
</tr>
<tr>
<td>Gas-in-place, Bcf/section</td>
<td>50-200</td>
<td>150-250</td>
<td>40-120</td>
<td><strong>145-195</strong></td>
</tr>
</tbody>
</table>

Source: Deutsche Bank, July 22, 2008 report “Shale to Shining Shale” and XEC Anadarko-Woodford estimates
**Woodford Shale – Anadarko Basin**

- **Significant future drilling**
- **4.0 - 5.0 Bcf per well** (type-well/avg.)
  - Avg. lateral length ~4,000’
  - 160-acre spacing; 4 wells per section
  - Down-spacing potential to 80s
- **Net estimated potential:**
  1.5 – 2.0 Tcf
- **Completed well cost (CWC):**
  $7 - $9 MM

  Expect cost improvement moving into full-development

- **Completed wells 30 day avg. IP:**
  - Avg. IP rate (13 total wells) 3.4 MMcf/d
  - Avg. IP rate w/ 4,000’ lateral 5.0 MMcf/d
  - High IP rate 6.5 MMcf/d

- **Recent operated well gross IPs:**
  - Golden 1-3H (72% WI) 8.3 MMcf/d
  - Guinn 1-10H (46% WI) 7.1 MMcf/d
  - Dixie 1-4H (72% WI) 5.9 MMcf/d
Lateral will be drilled with 8-3/4" diameter PDC bit. OBM 13.0 - 14.5 ppg

5-1/2" P110 LTC 0 - 12,300'; 5-1/2" 23# P110 BTC 12,300' - 17,690'

<table>
<thead>
<tr>
<th>Hole Size</th>
<th>Formation</th>
<th>Tops</th>
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</thead>
<tbody>
<tr>
<td>20&quot; Conductor</td>
<td>BTW</td>
<td>140'</td>
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<tr>
<td>13-3/8&quot; 54.5# K55 STC @ 1500'</td>
<td>Checkerboard Lime 8,586'</td>
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<td></td>
<td>Cleveland Marker 8,672'</td>
<td></td>
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<tr>
<td></td>
<td>Oswego 9,396'</td>
<td></td>
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<tr>
<td>12-1/4&quot;</td>
<td>Cherokee Sand 9,510'</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Verdigris Lime 9,605'</td>
<td></td>
</tr>
<tr>
<td>10-5/8&quot;</td>
<td>Skinner Upper 9,661'</td>
<td></td>
</tr>
<tr>
<td>8-3/4&quot;</td>
<td>Lime 9,861'</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Red Fork Upper 9,929'</td>
<td></td>
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<tr>
<td></td>
<td>Atoka Lime 10,119'</td>
<td></td>
</tr>
<tr>
<td>8-3/8&quot;</td>
<td>Novi Lime 10,196'</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Morrow 10,233'</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Springer 10,584'</td>
<td></td>
</tr>
<tr>
<td>8-5/8&quot;</td>
<td>Chester Lime 10,643'</td>
<td></td>
</tr>
<tr>
<td>6-1/4&quot;</td>
<td>Mississippian 11,296'</td>
<td></td>
</tr>
<tr>
<td>4-7/8&quot;</td>
<td>Meramec 12,044'</td>
<td></td>
</tr>
<tr>
<td>3-3/4&quot;</td>
<td>Sycamore 12,344'</td>
<td></td>
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<tr>
<td></td>
<td>Woodford 12,614'</td>
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Special drift to 8.75" 5-5/8" 40# 8500' N80 / 1760' P110 LTC @ 10,260' - KOP for Lateral, 14"/100' BR 12,353'
Drilling Challenges – Woodford Shale

12-1/4” Intermediate Hole

- **Hole cleaning**
  - Maintain circulation rate above 925 gpm
  - Circulate bottoms up twice before bit trips

- **Bit life**
  - Packed BHA to minimize bit whirl
  - Realized that bit RPM had to be reduced to minimize damage to outer row of cutters
  - Watch drilling parameters, reduce RPM and increase WOB before drilling hard sands
  - Bit vendor has been modeling BHA to determine vibration patterns

- **Improving drilling rate**
  - Packed BHA to increase bit runs and reduce bit trips
  - Run Hp/ sq. in. above 5
  - Below 8500’ to casing point, room for improvement compared to other operators

- **Hole instability**
  - Below 8500’ to 9-5/8” casing point
  - Break circulation every 2500’ while TIH
  - WL below 10, oil 5-6%

- **Casing Seat**
  - Novi Lime – Fractured, have had 2 cement jobs disappear
  - Morrow Shale – Limited distance from top of shale to Morrow A sand
Drilling Challenges – Woodford Shale

8-3/4” Production Hole

• **Presence of developed Morrow**
  – No good way of mapping yet.
    • Drill out with OBM if no nearby Morrow production
    • If nearby Morrow, drill out with WBM, swap to OBM at KOP
    • One well hit depleted sand, lost over 1500 bbls OBM, had to squeeze
    • Three wells had kicks requiring weight up to 14.5 ppg

• **Curve**
  – Maintain consistent high build rates

• **P-rates**
  – Change mud motor from low speed to normal speed.
  – Increase top drive RPM to have +/- 200 bit RPM.
  – Changed bit design which reduced stick/slip and increased bit life.
    • ROP increased from 25 ft/hr to 53.7 ft/hr on Ward #2-28H.
    • One bit drilled entire lateral (4274’) of Herbert #1-14H compared to 2 bits being required on other wells
Canadian County, OK – Woodford Slick Water Frac Job
Completion Design – Woodford Shale

• First well - 2279’ lateral, 5 stages
  – Varied stage lengths, 3’ shot clusters, 6 spf, 60° phasing
  – 80,300 bbls; 250,000# LD-60; 602,000# 40/70

• Latest design – 4700’ lateral, 1-100’ toe stage, 13 main stages
  – 96 shots per stage, 8 2’ shot clusters evenly spaced, 6 spf, 60° phasing
  – +/- 210,000 bbls; 1.8 MM# 40/70 prop, 0.1 – 1.0 PPA, 100 BPM. Is it enough or too much?
  – Proppant availability issues

• Perforating techniques
  – TCP on stick tubing/CT
  – E-coil
  – Sand jet
  – Pump down
What Does the Future Bring?

- Downsized casing
- Multi-laterals
- Pad drilling
- Extended length laterals, >10,000’
  - Completion challenges
    - Coiled Tubing limits
    - Wireline drag
School is still in session
Questions?