

CIMAREX ENERGY CO
Form S-4
May 09, 2002

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As filed with the Securities and Exchange Commission on May 9, 2002

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-4

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

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)

Cimarex Energy Co.
1579 East 21st Street
Tulsa, Oklahoma 74114
(918) 742-5531

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

Steven R. Mackey, Esq.
Cimarex Energy Co.
Vice President and Secretary
1579 East 21st Street
Tulsa, Oklahoma 74114
(918) 742-5531

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

Copies to:

C. Kevin Barnette, Esq.
Skadden, Arps, Slate, Meagher & Flom LLP

Bonnie Greaves, Esq.
Shearman & Sterling

Thomas A. Richardson, Esq.
Holme Roberts & Owen LLP

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1440 New York Avenue, NW
Washington, DC 20005
(202) 371-7000

Broadgate West
9 Appold Street
London, EC2A 2AP
United Kingdom
(011 44) 20 7655-5000

1700 Lincoln Street,
Suite 4100
Denver, Colorado 80203
(303) 861-7000

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 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, 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	Amount to Be Registered(1)	Proposed Maximum Aggregate Offering Price Per Unit	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee
Common Stock, par value \$0.01 per share(3)	14,674,302	N/A	\$309,187,543	\$28,445.35

1. Represents the estimated maximum number of shares of common stock of the Registrant to be issued in the merger to holders of common stock of Key Production Company, Inc. determined in accordance with the terms of the merger agreement and the number of shares of common stock of Key Production Company, Inc. issuable upon exercise of outstanding vested options as of May 31, 2002.
2. The proposed maximum aggregate offering price is estimated solely for the purpose of calculating the registration fee. Reflects the market price of the shares of common stock of Key Production Company, Inc. to be exchanged on a one-for-one basis for common stock of the Registrant in connection with the merger computed in accordance with Rule 457 under the Securities Act, based upon the average of the high (\$21.25) and low (\$20.89) sales prices of the common stock of Key Production Company, Inc. as reported by the New York Stock Exchange on May 7, 2002.
3. Includes the preferred share purchase rights to be associated with the common stock of the Registrant exercisable only upon the occurrence of certain events.

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 the Registration Statement shall become effective on such date as the Commission, acting pursuant to said section 8(a), may determine.

The information contained in this 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 proxy statement/prospectus is not an offer to sell these securities and we are not soliciting an offer to buy these securities in any state where the offer of sale is not permitted.

[Key Production Letterhead]

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[], 2002

Fellow Stockholder:

We invite you to attend a special meeting of stockholders of Key Production Company, Inc. to be held on [], 2002 at [], Mountain Daylight Time, at []. At the special meeting, you will be asked to consider and vote upon a proposal to adopt the merger agreement entered into among Key, Helmerich & Payne and Cimarex.

If the merger agreement is adopted and the merger consummated, the combined company, named Cimarex Energy Co., will be a new publicly traded exploration and production company. Cimarex will apply to list its common stock on the New York Stock Exchange. As a Key stockholder, you will be entitled to receive one share of common stock of Cimarex in exchange for each share of Key common stock that you own and cash instead of any fractional shares you would otherwise receive in the merger.

The Key board of directors has determined the merger is fair and in the best interests of Key and its stockholders and the merger agreement is advisable. The Key board of directors has unanimously approved the merger agreement and recommends that the Key stockholders vote "for" the adoption of the merger agreement.

All stockholders are invited to attend the special meeting. **Your participation at the special meeting, in person or in proxy, is important.** Even if you only own a few shares, we want your shares to be represented at the meeting. The merger of Key with Cimarex cannot be completed without the approval of the holders of a majority of the outstanding shares of common stock of Key. Whether or not you expect to attend the special meeting in person, please complete, sign, date and promptly return the enclosed proxy card in the enclosed postage-prepaid envelope. Stockholders of record also have the option of voting via the Internet or by telephone. Specific instructions on how to vote via the Internet or by telephone are included on the proxy card. Each proxy is revocable and will not affect your right to vote in person in the event you attend the special meeting.

The proxy statement/prospectus that accompanies this letter contains detailed information about the proposed merger and we urge you to read it carefully. **In particular, you should read the "Risk Factors" section beginning on page for a description of various risks you should consider in evaluating the proposed merger.** You may also obtain additional information about Key, Helmerich & Payne and Cimarex from documents that each has filed with the Securities and Exchange Commission.

Thank you and we look forward to seeing you at the meeting.

Sincerely yours,

/s/ F.H. Merelli
F.H. Merelli

Chairman, President and Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the new shares of Cimarex Energy Co. common stock to be issued in the merger or determined that this proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated [], 2002, and is first being mailed to stockholders on or about [], 2002.

[Key Production Letterhead]

Denver, Colorado
[], 2002

Notice of Special Meeting of Stockholders

To the Stockholders of Key Production Company, Inc.

A special meeting of holders of common stock of Key Production Company, Inc. will be held on [], [], 2002 at [], Mountain Daylight Time, at [] to consider and vote upon the adoption of the Agreement and Plan of Merger, dated as of February 23, 2002, among Helmerich & Payne, Inc., Helmerich & Payne Exploration and Production Co., Mountain Acquisition Co. and Key Production Company, Inc., which provides for the merger of Key with Helmerich & Payne's oil and gas exploration and production and

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gas marketing business and to transact any other business that may properly come before the special meeting.

The board of directors of Key has determined that owners of record of Key's common stock at the close of business on [], 2002 are entitled to notice of, and have the right to vote at, the Key special meeting and any adjournment or postponement of the meeting.

The Key board of directors has determined the merger is fair and in the best interests of Key and its stockholders and the merger agreement is advisable. The Key board of directors has unanimously approved the merger agreement and recommends that the Key stockholders vote "for" the adoption of the merger agreement.

By Order of the Board of Directors
of Key Production Company, Inc.

/s/ Barbara L. Schaller
Barbara L. Schaller
Corporate Secretary

**Your Vote is Important.
Whether or Not You Plan to Attend the Special Meeting,
Please Complete, Sign, Date and Return Your Proxy Card**

REFERENCES TO ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information about Key Production Company, Inc. that it has filed with the Securities and Exchange Commission and that is not included in or delivered with this proxy statement/prospectus. This information is available at the Internet web site that the SEC maintains at <http://www.sec.gov>, as well as from other sources. See "Where You Can Find More Information" on page .

You may obtain, without charge, copies of these documents by requesting them in writing or by telephone as follows:

Strategic Stock Surveillance, LLC
331 Madison Avenue
New York, New York 10017
Toll Free: 1-866-KEYVOTE
(1-866-539-8683)
Facsimile: []

Or alternatively from:

Key Production Company, Inc.
Attention: Sharon M. Pope, Assistant Corporate Secretary
707 Seventeenth Street, Suite 3300
Denver, Colorado 80202
Facsimile: (303) 295-3494
Telephone: (303) 295-3995

In order for you to receive timely delivery of the documents in advance of the Key Production Company, Inc. special meeting, we should receive your request no later than [], 2002.

PROXY STATEMENT/PROSPECTUS

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QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: Please briefly describe the proposed merger and related transactions.

A: Helmerich & Payne will consolidate its oil and gas exploration and production and gas marketing business under one company and will spin off that company to Helmerich & Payne's stockholders. The company to be spun off is named Cimarex Energy Co. Key will merge with a newly formed subsidiary of Cimarex and become a new wholly owned subsidiary of Cimarex. When the merger is complete, approximately 34.75% of the Cimarex common stock will be held by former stockholders of Key and approximately 65.25% of Cimarex common stock will be held by stockholders of Helmerich & Payne, each on a diluted basis.

Q: What am I being asked to vote upon?

A: You are being asked to adopt the merger agreement entered into among Key, Helmerich & Payne and Cimarex.

Q: What will I receive in the merger for my Key stock?

A: If the merger is completed, as a Key stockholder, you will receive one share of common stock of Cimarex in exchange for each share of Key common stock that you own. You will receive only whole shares of Cimarex common stock. You will receive cash instead of any fractional shares you would otherwise receive in the merger.

Q: Does the Key board of directors support the merger?

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A: Yes. The Key board of directors has determined the merger is fair and in the best interests of Key and its stockholders and the merger agreement is advisable. The Key board of directors has unanimously approved the merger agreement and recommends that the Key stockholders vote "for" the adoption of the merger agreement.

A more detailed description of the background and reasons for the merger is described under "The Merger" beginning on page .

Q: Are there risks that I should consider in deciding whether to vote on the merger?

A: Yes. In evaluating the merger, you should read the "Risk Factors" beginning on page for a description of various risks you should carefully consider in evaluating the proposed merger.

Q: Can I dissent and require appraisal of my shares of Key common stock?

A: No. Stockholders are not entitled to dissenters' rights or appraisal rights in connection with the merger.

Q: What vote is required to adopt the merger agreement?

A: For the merger to occur, the holders of a majority of outstanding Key common stock must adopt the merger agreement. Key stockholders will have one vote for each share of Key common stock owned by them. Helmerich & Payne stockholders are not required to approve the spin-off or the merger.

Q: Will Key'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, Key's shares of common stock will no longer be listed for trading on the New York Stock Exchange.

Q: Where will the Cimarex common stock be listed?

A: We will apply to list the shares of Cimarex common stock on the New York Stock Exchange.

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Q: Who will be the senior executive officers of Cimarex?

A: Mr. F.H. Merelli, the current Chairman, President and Chief Executive Officer of Key, will become the Chairman, Chief Executive Officer and President of Cimarex. Steven R. Shaw, the current Vice President of Exploration and Production of Helmerich & Payne, will be the Executive Vice President of Cimarex. Paul Korus, the current Chief Financial Officer of Key, will be Vice President and Chief Financial Officer of Cimarex.

Q: Who will be the directors of Cimarex?

A: If the merger is completed, Key will designate four directors and Helmerich & Payne will designate five directors to the Cimarex board. The Chairman of the Cimarex board will be Mr. F.H. Merelli, the current Chairman, President and Chief Executive Officer of Key.

Q: When do you expect to complete the spin-off and the merger?

A: If the merger agreement is adopted by the stockholders of Key, then Key, Helmerich & Payne and Cimarex expect to complete the spin-off and the merger as soon as possible after the satisfaction (or waiver, where permissible) of the conditions to the spin-off and the merger, including adoption of the merger agreement by the stockholders of Key and receipt by Helmerich & Payne of its requested rulings from the Internal Revenue Service. We currently anticipate that the merger will be completed during the third calendar quarter of 2002.

Q: What should I do now?

A: You should mail your signed and dated proxy card(s) in the enclosed envelope or vote via telephone or via the Internet by following the instructions on your proxy card as soon as possible so that your shares of Key common stock will be represented and voted at the Key special meeting. If you plan to attend the special meeting, please be sure to obtain an admission card.

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Q: Do I need to send in my share certificate(s) now?

A: No. Do not send in your share certificate(s) now. Do not send in your share certificate(s) with your proxy card(s). If the merger is completed, Key will send you a letter describing how to exchange your share certificate(s).

Q: If I am not going to attend the special meeting, should I return my proxy card(s)?

A: Yes. Returning your proxy card(s) ensures that your shares of Key common stock will be represented at the Key special meeting, even if you are unable to or do not attend.

Q: How do I vote my shares of Key common stock if they are held in the name of a bank, broker or other fiduciary?

A: Your bank, broker or other fiduciary will vote your shares of Key common stock with respect to 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. If you wish to vote in person at the meeting and hold your shares of Key common stock in the name of a bank, broker or other fiduciary, you must contact your bank, broker or other fiduciary and request a legal proxy. You must bring this legal proxy to the meeting in order to vote in person. Shares of Key common stock held by a broker, bank or other fiduciary that are not voted because the customer has not provided instructions to the broker, bank or other fiduciary will have the same effect as a vote "against" the proposal.

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Q: Can I change my vote after I mail my proxy card(s)?

A: Yes. If you are a record holder, you can change your vote by:

completing, signing and dating a new proxy card and returning it by mail to our proxy solicitor so that it is received prior to the special meeting;

voting via telephone or via the Internet by following the instructions provided on your proxy card;

sending a written notice to the Assistant Corporate Secretary of Key that is received prior to the special meeting stating that you revoke your proxy; or

obtaining an admission card, attending the special meeting and voting in person or by legal proxy, if appropriate.

If your shares of Key common stock are held in the name of a bank, broker or other fiduciary and you have directed such person(s) to vote your shares of Key common stock, you should instruct such person(s) to change your vote or obtain a legal proxy to do so yourself.

Q: What if I do not vote, or abstain from voting, or do not instruct my broker to vote my shares of Key common stock?

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

If you sign your proxy card but do not indicate how you want to vote, your shares of Key common stock will be voted for the merger.

Q: Who can answer my questions?

A: If you have any questions regarding the special meeting or need assistance in voting your shares of Key common stock, please contact our proxy solicitor:

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Strategic Stock Surveillance, LLC
331 Madison Avenue
New York, New York 10017
Toll Free: 1-866-KEYVOTE
(1-866-539-8683)
Facsimile: []

All other questions should be directed to:

Key Production Company, Inc.
Attention: Sharon M. Pope, Assistant Corporate Secretary
707 Seventeenth Street
Suite 3300
Denver, Colorado 80202
Facsimile: (303) 295-3494
Telephone: (303) 295-3995

Q: Where can I find more information about Key?

A: You can find more information about Key from various sources described under "Where You Can Find More Information" on page .

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SUMMARY

This summary highlights selected information from this proxy statement/prospectus and may not contain all the information that is important to you. To better understand the proposed merger, you should read this entire proxy statement/prospectus carefully, as well as those additional documents to which we refer you. In addition, we incorporate by reference important information about Key into this proxy statement/prospectus. You may obtain the information incorporated by reference into this proxy statement/prospectus by following the instructions under "Where You Can Find More Information" on page . We have included page references in parentheses at various points in this summary to direct you to a more detailed description of the topics presented.

For an explanation of oil and gas abbreviations and terms used in this proxy statement/prospectus, see "Glossary of Oil and Natural Gas Terms" on page .

The Companies

Cimarex Energy Co.

1579 East 21st Street
Tulsa, Oklahoma 74114
(918) 742-5531

Cimarex Energy Co. is a wholly owned subsidiary of Helmerich & Payne, Inc. that will hold the assets relating to the oil and gas exploration and production and gas marketing business of Helmerich & Payne at the time of the merger. Cimarex Energy Co. was formerly known as Helmerich & Payne Exploration and Production Co. We refer to Cimarex Energy Co. as "Cimarex" throughout this proxy statement/prospectus and the oil and gas exploration and production and gas marketing business of Helmerich & Payne as the "Cimarex business". The Cimarex business conducts exploration and development activities primarily in Louisiana, Oklahoma, Texas and the Hugoton Field of western Kansas. Other production operations and exploration acreage are located in the Rocky Mountain area, New Mexico, Alabama, Michigan and Mississippi. As of December 31, 2001, the Cimarex business had estimated proved reserves of approximately 213.2 Bcf of gas and 5.31 MMBbls of oil, or an aggregate of 245 Bcfe. More than 98% of the proved reserves of the Cimarex business are classified as proved developed. The Cimarex business owns approximately 181,903 net acres of developed leases and 146,071 net acres of undeveloped leases, the bulk of which are in Texas, Louisiana, Kansas and Oklahoma. The Cimarex business also owns working interests in 4,451 (655.84 net) oil and gas wells located primarily in those same states. Cimarex will have no assets, liabilities or operations until Helmerich & Payne contributes the assets, liabilities and operations of the Cimarex business to Cimarex.

Key Production Company, Inc.

707 Seventeenth Street
Suite 3300
Denver, Colorado 80202
(303) 295-3995

Key Production Company, Inc. is an independent natural gas and crude oil exploration and production company engaged in the exploration, development, acquisition and production of oil and gas in the continental United States. We will refer to Key Production Company, Inc. as "Key" throughout this proxy statement/prospectus. Key conducts exploration and development activities primarily in the Anadarko Basin of Oklahoma, the Hardeman Basin of north Texas, the Laredo field in south Texas, the Mississippi Salt Basin, south Louisiana and northern California. Other production operations and exploration acreage are located in Wyoming and other Rocky Mountain states. As of December 31, 2001, Key had estimated proved reserves of approximately 92.0 Bcf of gas and 9.2 MMBbls of oil, or an aggregate of 147.3 Bcfe. Roughly 62% of Key's proved reserves are gas and 38% are oil. More than

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99% of Key's proved reserves are classified as proved developed. Key owns approximately 177,000 net acres of developed leases and 104,000 net acres of undeveloped leases, the bulk of which are in Wyoming, Mississippi, Texas, California and Oklahoma. Key also owns working interests in 2,267 (376 net) oil and gas wells located primarily in those same states.

Mountain Acquisition Co.

c/o Cimarex Energy Co.
1579 East 21st Street
Tulsa, Oklahoma 74114
(918) 742-5531

Mountain Acquisition Co. is a wholly owned subsidiary of Cimarex. Mountain Acquisition Co. was organized on February 14, 2002 for the purposes of merging with Key in the merger. It has not carried on any activities other than in connection with the merger agreement. We will refer to Mountain Acquisition Co. as "Mountain Acquisition" throughout this proxy statement/prospectus.

The Merger (page)

Prior to the merger, Helmerich & Payne will transfer and contribute the assets and liabilities of the Cimarex business to Cimarex pursuant to the terms of a distribution agreement. The distribution agreement is attached as Annex C to this proxy statement/prospectus. See "The Distribution Agreement" beginning on page . Immediately prior to the merger, Helmerich & Payne will spin off Cimarex by distributing all of the shares of Cimarex common stock to Helmerich & Payne stockholders on a pro rata basis. Mountain Acquisition will then be merged with and into Key in accordance with the terms of the merger agreement, with the result that Key will become a wholly owned subsidiary of Cimarex. The merger agreement is attached as Annex A to this proxy statement/prospectus. See "The Merger Agreement" beginning on page .

Following the merger, Cimarex will:

be an independent public company, initially owned approximately 65.25% by Helmerich & Payne stockholders and approximately 34.75% by former Key stockholders, each on a diluted basis;

own and operate the business of Key and the Cimarex business formerly owned by Helmerich & Payne; and

have total assets of approximately \$587.5 million and total long-term debt of approximately \$34.0 million (on a pro forma basis using the full cost method of accounting as described on page and assuming the spin-off and the merger occurred on December 31, 2001.)

Merger Consideration (page)

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If the merger is completed, Key stockholders will be entitled to receive one share of Cimarex common stock for each share of Key common stock that they own.

Conditions to the Completion of the Merger (page)

The merger will be completed only if certain conditions, including the following, are satisfied (or waived in certain cases):

the adoption of the merger agreement by Key stockholders holding a majority of the Key common stock;

the absence of legal restrictions that would prevent the completion of the transactions;

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the receipt and continuing validity of a private letter ruling from the Internal Revenue Service that the spin-off will generally be tax-free to Helmerich & Payne and its stockholders;

the receipt by Helmerich & Payne, Key and Cimarex of an opinion from their respective counsel or a private letter ruling from the Internal Revenue Service to the effect that the merger will be treated for federal income tax purposes as a reorganization;

the completion of the spin-off in accordance with the distribution agreement;

the receipt of all required material governmental and third-party approvals; and

the material accuracy of representations and warranties and the material performance of covenants in the merger agreement.

Termination of the Merger (page)

Helmerich & Payne and Key may mutually agree to terminate the merger agreement without completing the merger. In addition, either party may terminate the merger agreement if:

the other party breaches its representations, warranties, covenants or agreements under the merger agreement so as to create a material adverse effect and the breach has not been cured within 30 days after notice was given of such breach;

the parties do not complete the merger by November 25, 2002;

a governmental order prohibits the merger; or

Key does not receive the required approval of its stockholders.

In addition, Key may terminate the merger agreement if it receives a proposal to acquire Key that Key's board of directors determines in good faith to be more favorable to Key's stockholders than the merger.

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Also, Helmerich & Payne may terminate the merger agreement if Key's board of directors withdraws or modifies its approval of the merger to Key's stockholders.

Termination Fee and Expenses (page)

Key must pay Helmerich & Payne a termination fee of \$10 million and out-of-pocket fees and expenses of up to \$2 million if Key terminates the merger agreement to accept a proposal that Key's board of directors determines in good faith to be more favorable to Key's stockholders than the merger. In addition, Key must pay Helmerich & Payne a termination fee of \$10 million and reimbursement of out-of-pocket fees and expenses of up to \$2 million if the merger agreement is terminated for certain other reasons. See "The Merger Agreement Termination Fees and Expenses" on page .

Amended Certificate of Incorporation and By-Laws (page)

If the merger is completed, the certificate of incorporation and by-laws of Cimarex will be in the forms attached as Annex E and Annex F, respectively, to this proxy statement/prospectus. Those certificate of incorporation and by-laws differ from Key's current articles and by-laws as described in "Comparison of the Rights of Key's Stockholders Before and After the Merger" beginning on page .

Board of Directors Recommendation to Stockholders (page)

The Key board of directors has determined the merger is fair and in the best interests of Key and its stockholders and the merger agreement is advisable. The Key board of directors has unanimously

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approved the merger agreement and recommends that the Key stockholders vote "*for*" the adoption of the merger agreement.

Opinion of Key's Financial Advisor (page)

Merrill Lynch & Co, Key's financial advisor, has delivered to the Key board of directors a written opinion that, as of February 23, 2002, based upon and subject to the factors and assumptions set forth in the opinion and taking into account the shares of Cimarex common stock to be distributed to Helmerich & Payne stockholders in the spin-off, the exchange ratio in the merger was fair from a financial point of view to the Key stockholders. This opinion is attached as Annex B to this proxy statement/prospectus.

Ancillary Agreements (page)

In connection with the merger, Helmerich & Payne and Cimarex have entered into a distribution agreement that provides for the transfer of the Cimarex business to Cimarex. Also, Helmerich & Payne and Cimarex have entered into a tax sharing agreement relating to the allocation of certain tax liabilities. The tax sharing agreement is attached as Annex D to this proxy statement/prospectus. See "Ancillary Agreements Tax Sharing Agreement" beginning on page . In addition, Helmerich & Payne and Cimarex have entered into an employee benefits agreement defining the benefits for the employees of Cimarex after the spin-off (including Key employees following the merger and Helmerich & Payne employees who are transferred to Cimarex in connection with the spin-off). See "Ancillary Agreements Employee Benefits Agreement" beginning on page . Finally, Helmerich & Payne and Cimarex have agreed that prior to the merger they will enter into a transition services agreement under which Helmerich & Payne will provide services to Cimarex for a period of time following the merger.

Listing of Shares of Cimarex Common Stock (page)

Cimarex will apply to list its common stock on the New York Stock Exchange.

No Appraisal or Dissenters' Rights (page)

The Key stockholders will not have appraisal or dissenters' rights relating to the merger under Delaware law.

Stock Ownership of Management (page)

At the close of business on March 31, 2002, directors and executive officers of Key and their affiliates as a group beneficially owned and were entitled to vote approximately 1,255,181 shares of Key common stock (including options exercisable for shares of common stock), representing approximately 8.4% of the shares of Key common stock outstanding on that date (including shares represented by such options). All of the directors and executive officers of Key that are entitled to vote at the Key special meeting have indicated that they intend to vote their shares of Key common stock in favor of adoption of the merger agreement.

Interests of Certain Persons in the Merger (page)

When considering the recommendations of the Key board of directors, you should be aware that the directors and executive officers of Key and Cimarex have interests and arrangements that may be different from your interests as stockholders, including:

the current board members of Key will be nominated to the board of directors of Cimarex;

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all outstanding options under the Key stock option plans will fully vest and be converted into options to acquire shares of Cimarex common stock on the same terms and conditions as were applicable under the Key option plans;

all Helmerich & Payne stock options held by former Helmerich & Payne employees who become Cimarex employees will be converted into options to acquire shares of Cimarex common stock using a conversion ratio based on a comparison of the trading price of Helmerich & Payne's common stock for the five trading days immediately prior to the fifth trading date immediately prior to the record date for the spin-off with the trading price of Cimarex common stock for the first five trading days following the spin-off. The converted Cimarex options will have the same terms and conditions as were applicable under Helmerich & Payne's option plans;

pursuant to the Key Income Continuation Plan, each executive officer of Key and certain other Key employees will be entitled to receive continuation of their compensation and welfare benefits for up to 24 months if their employment is terminated without cause or they resign as a result of changed circumstances following the effective time of the merger. The income continuation plan will be assumed by Cimarex upon the merger;

Key is party to an employment agreement with F.H. Merelli, the chairman, president and chief executive officer of Cimarex following the merger, that provides for the continuation of Mr. Merelli's base salary for two years and the maximum incentive compensation payable pursuant to any plan or program established by Cimarex if (i) Mr. Merelli's employment is terminated without cause or due to his death or disability or (ii) Mr. Merelli resigns for good reason at any time. Any payments made to Mr. Merelli pursuant to the Income Continuation Plan will be offset by payments pursuant to the employment agreement. The agreement will be assumed by Cimarex following the merger;

Helmerich & Payne is party to an agreement with Steven Shaw, executive vice president of Cimarex following the spin-off, that provides for a lump-sum payment equal to two times his base salary and annual bonus if he is terminated without cause or if he terminates his employment for good reason within 24 months after the effective time of the merger. In addition, in the event that Mr. Shaw remains with Cimarex for an 18-month period after the effective time of the merger, he shall be permitted to voluntarily terminate his employment with Cimarex and his

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unvested options at the time of the merger will vest. The agreement will be assumed by Cimarex upon the spin-off;

Key is party to agreements with Messrs. Korus, Jorden, Albi and Bell, each to become executive officers of Cimarex following the merger, that provide for a lump-sum payment equal to two times the executive's base salary at the time of the merger if the executive is terminated without cause at any time following the merger. Any payments made to the executives pursuant to these agreements will be deducted from the benefits to which the executive is otherwise entitled pursuant to the Income Continuation Plan. The agreements will be assumed by Cimarex following the merger;

Helmerich & Payne is party to agreements with Messrs. Nagel, Burau and McLaughlin, each to become a vice president of Cimarex following the spin-off, that provide for a lump-sum payment equal to two times the executive's base salary and annual bonus if the executive is terminated without cause, or if the executive resigns for good reason within 24 months after the effective time of the merger. The agreements will be assumed by Cimarex upon the spin-off; and

all restricted shares of Key common stock awarded to Paul Korus, the chief financial officer of Cimarex following the merger, will convert into restricted shares of Cimarex common stock at the effective time of the merger. These restricted shares will vest if his employment

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is terminated without cause or he resigns for good reason within six months following the effective time of the merger.

Regulatory Matters (page)

Helmerich & Payne has sought a ruling from the Internal Revenue Service to the effect that the contribution and transfer of the assets and liabilities of the Cimarex business to Cimarex and the spin-off by Helmerich & Payne of all the shares of Cimarex common stock to the holders of Helmerich & Payne common stock, generally will be treated as a tax-free transaction for U.S. federal income tax purposes.

None of the parties is aware of any other material governmental or regulatory approval required for the completion of the merger, other than the effectiveness of the registration statement of which this proxy statement/prospectus is a part and compliance with applicable corporate law of the State of Delaware.

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

It is expected that the merger will generally be tax-free to the stockholders of Key for U.S. federal income tax purposes, except for cash received in lieu of fractional shares. **We encourage you to consult your own tax advisor for a full understanding of the tax consequences of the merger to you.**

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SUMMARY SELECTED HISTORICAL AND PRO FORMA FINANCIAL DATA

Sources of Information

We are providing the following selected combined financial data of the Cimarex business and selected consolidated financial data of Key, to help you in your analysis of the financial aspects of the merger and related transactions. We derived this information from the audited and unaudited financial statements for the Cimarex business and from the audited financial statements of Key for the periods presented. The information is only a summary and you should read it in conjunction with the financial information included or incorporated by reference in this

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proxy statement/prospectus. See "Where You Can Find More Information" beginning on page , "Index to the Cimarex Business Combined Financial Statements" on page F-1 and "Unaudited Pro Forma Combined Condensed Financial Information" beginning on page .

How We Prepared the Unaudited Pro Forma Combined Financial Information

The unaudited pro forma condensed combined financial information is presented to show you how Cimarex might have looked if Cimarex had been an independent company and Key's operations and the Cimarex business had been combined for the periods presented. We did not adjust the pro forma financial information for estimated general and administrative expense savings and operational efficiencies that may be realized as a result of the merger or one-time costs and expenses necessary to achieve such savings and efficiencies. We prepared the pro forma financial information using the purchase method of accounting, with Cimarex treated as the acquirer. See "The Merger Accounting Treatment" beginning on page .

If Cimarex had been an independent company and the companies had been combined in the past, they might have performed differently. You should not rely on the pro forma financial information as an indication of the financial position or results of operations that Cimarex would have reported if the spin-off and merger had taken place earlier or of the future results that Cimarex will achieve after the merger. See "Unaudited Pro Forma Combined Condensed Financial Information" beginning on page .

Merger Related Expenses

Cimarex estimates that it will incur fees and expenses totaling approximately \$4.2 million in connection with the merger and related transactions, which have been included in calculating the purchase price. Key estimates that it will incur fees and expenses totaling approximately \$4.6 million in connection with the merger and related transactions, which have not been included in calculating the purchase price. After the merger, Cimarex may incur additional charges and expenses relating to integrating the operations of Key and the Cimarex business. We did not adjust the pro forma information for these additional charges and expenses.

Selected Consolidated Financial Data of Key

Key prepared the selected historical consolidated financial data in the table below using the audited consolidated financial statements of Key. The selected historical consolidated financial data of Key as of December 31, 2001 and 2000 and for each of the years in the three-year period ended December 31, 2001, should be read in conjunction with the consolidated financial statements, related notes and other financial information incorporated by reference in this proxy statement/prospectus. The historical consolidated balance sheet data as of December 31, 1999, 1998 and 1997 and operating

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results for the years ended December 31, 1998 and 1997 have been derived from audited financial statements not incorporated by reference in this proxy statement/prospectus.

As of and for the Years Ended December 31,

	2001	2000	1999	1998	1997
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(In thousands, except per share and proved reserves data)

OPERATING RESULTS:

Revenues	\$ 108,885	\$ 99,820	\$ 56,258	\$ 37,783	\$ 42,151
Income (loss) before cumulative effect of change in accounting method(1)	(3,617)	27,995	6,804	4,595	9,696
Net income (loss)	(5,442)	27,995	6,804	4,595	9,696
Income (loss) per share before cumulative effect of change in accounting method(1):					
Basic	(0.26)	2.32	0.59	0.40	0.84

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As of and for the Years Ended December 31,

Diluted	(0.26)	2.23	0.56	0.38	0.80
Net income (loss) per share:					
Basic	(0.39)	2.32	0.59	0.40	0.84
Diluted	(0.39)	2.23	0.56	0.38	0.80
Cash dividends declared per share					
BALANCE SHEET DATA:					
Total assets	217,668	244,154	176,857	166,295	130,647
Total debt, including current portion	34,000	44,000	60,000	60,000	35,000
Stockholders' equity	134,227	138,087	76,873	69,681	64,911
OTHER FINANCIAL DATA					
Oil and gas capital expenditures	73,658	88,118	34,456	55,429	44,625
Proved Reserves:					
Oil (MBbls)	9,215	9,276	9,220	7,022	6,213
Gas (Mmcf)	91,978	98,214	79,351	82,956	69,543
Total Equivalent (Mmcf)	147,270	153,870	134,671	125,088	106,821

- (1) Effective January 1, 2001, Key changed its method of amortizing capitalized costs from the future gross revenue method to the units-of-production method. The cumulative effect of the change calculated as of January 1, 2001, was to increase net loss by \$1.8 million, net of income taxes of \$1.1 million, or \$0.13 per diluted share.

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Selected Combined Financial Data of the Cimarex Business

The following selected historical combined financial data of the Cimarex business as of September 30, 2001 and 2000 and the three years ended September 30, 2001 should be read in conjunction with the combined financial statement and notes thereto of the Helmerich & Payne Oil and Gas Division appearing elsewhere in this proxy statement/prospectus. The combined statement of operations data for the years ended September 30, 1998 and 1997 and the combined balance sheet data as of September 30, 1999 1998 and 1997 have been derived from unaudited financial statements not presented herein. The combined statement of operations data for the three months ended December 2001 and 2000 and the combined balance sheet data as of December 31, 2001 and December 30, 2000 have been derived from unaudited combined financial statements. In the opinion of management, the unaudited interim financial statement as of December 31, 2001 and 2000 and for the three months ended December 31, 2001 and 2000 include all adjustments, consisting only of normal recurring adjustments, necessary for the fair presentation of the financial position and operating results for the unaudited periods. Operating results for the three months ended December 31, 2001 are not necessarily indicative of the results that may be expected for the entire year ending September 30, 2002

THREE MONTHS ENDED DECEMBER 31, (Unaudited)		AS OF AND FOR THE YEARS ENDED SEPTEMBER 30,				
2001	2000	2001	2000	1999	1998	1997
(In Thousands, except per share and proved reserves data)						

OPERATING RESULTS:

Revenues \$	39,155 \$	86,540 \$	317,580 \$	238,953 \$	151,592 \$	152,195 \$	180,527
Net income (loss)	(2,300)	19,507					