



Rating: Buy
 S&P 500: 1402
 Intraday

Cimarex Energy Company

Raise Net Present Value to \$85 a Share

<i>Symbol</i>	XEC	<i>Ebitda Next Twelve Months ending 3/31/09 (US\$m)</i>	1,686
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	60
<i>Price (\$/sh)</i>	68.32	<i>Natural Gas and Oil Production/Ebitda (%)</i>	100
<i>Pricing Date</i>	5/6/08	<i>Adjusted Reserves/Production NTM</i>	7.5
<i>Shares (mm)</i>	85	<i>EV/Ebitda</i>	3.8
<i>Market Capitalization (\$mm)</i>	5,820	<i>PV/Ebitda</i>	4.7
<i>Debt (\$mm)</i>	600	<i>Undeveloped Reserves (%)</i>	22
<i>Enterprise Value (EV) (\$mm)</i>	6,420	<i>Natural Gas and Oil Ebitda (\$/boe)</i>	58.20
<i>Present Value (PV) (\$mm)</i>	7,840	<i>Present Value Proven Reserves(\$/boe)</i>	32.00
<i>Net Present Value (\$/share)</i>	85	<i>Present Value Proven Reserves(\$/mcf)</i>	5.30
<i>Debt/Present Value</i>	0.08	<i>Earnings Next Twelve Months (US\$/sh)</i>	8.99
<i>McDep Ratio - EV/PV</i>	0.82	<i>Price/Earnings Next Twelve Months</i>	8
<i>Dividend Yield (%/year)</i>	0.2	<i>Indicated Annual Dividend (US\$/sh)</i>	0.23
Note: Estimated cash flow and earnings tied to one-year futures prices for oil and natural gas.			
Reported results may vary widely from estimates. Estimated present value per share revised only infrequently.			
Estimated present value presumes a long-term price for oil of US\$80 a barrel and natural gas, \$11 a million btu.			
For historical analysis of XEC since 2003 see www.mcdep.com/4xec.htm			

Summary and Recommendation

Buy-recommended **Cimarex (XEC)** offers unlevered appreciation potential of 22% to estimated Net Present Value (NPV) of \$85 a share, up from \$76 a share. Fourth quarter results released on May 6 verify oil volume growth and high regional natural gas price that both contribute to higher NPV. Projected volumes along with current futures prices promise a continuing high level of unlevered cash flow (Ebitda) (see table Next Twelve Months Operating and Financial Estimates). Projected cash flow capitalized at unlevered multiples (PV/Ebitda) related to reserve life (Adjusted R/P) supports NPV (see table Functional Cash Flow and Present Value). At the same time, the industry backdrop continues to be positive with an uptrend for oil price and catch up potential for natural gas (see chart Six-Year Commodity Price Meter). Improving industry conditions along with company performance seem to be contributing to higher stock price. For example, three months ago when the stock was \$46 a share, the ratio of Enterprise Value (EV) to Ebitda was 3.6. Now with the stock price up to \$68 a share, EV/Ebitda remains near the same low level at 3.8.

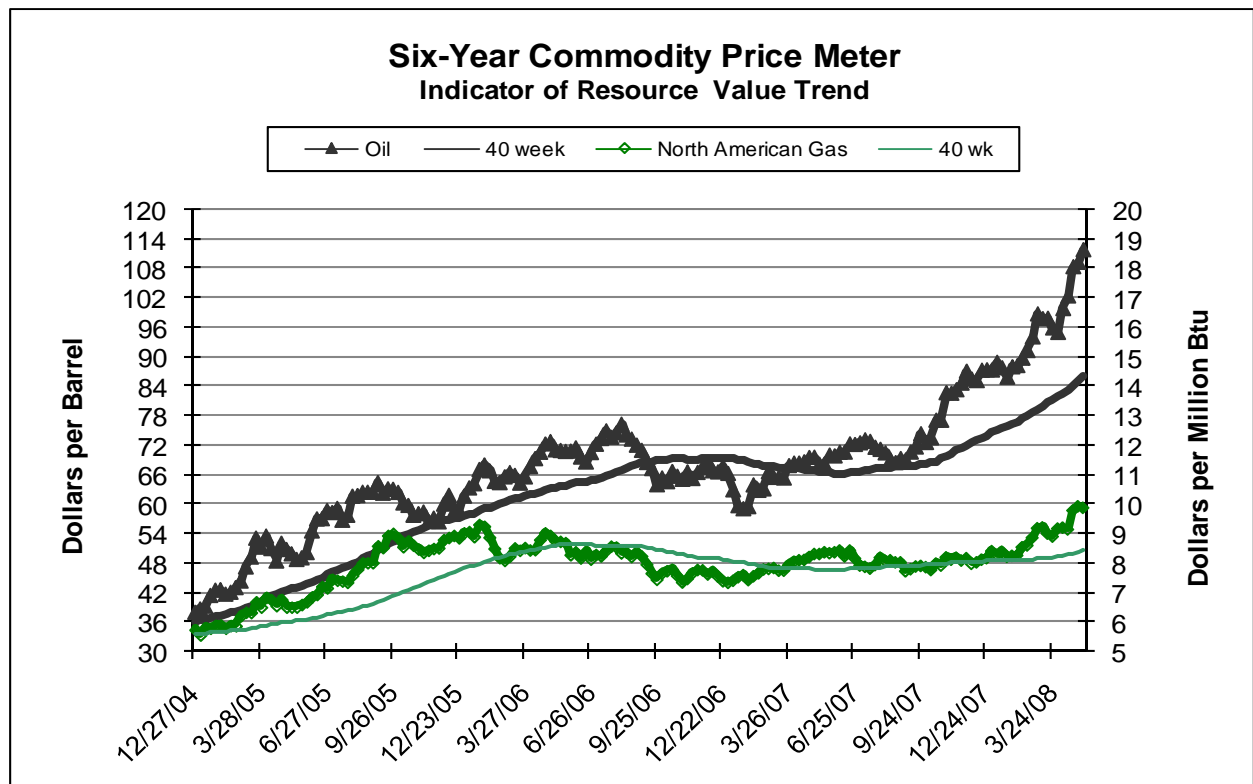
Kurt H. Wulff, CFA



Cimarex Energy Company									
Next Twelve Months Operating and Financial Performance									
									<i>Next</i>
	<i>Q1</i>	<i>Q4</i>	<i>Year</i>	<i>Q1</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Year</i>	<i>Twelve</i>
	<i>3/31/07</i>	<i>12/31/07</i>	<i>2007</i>	<i>3/31/08</i>	<i>6/30/08</i>	<i>9/30/08</i>	<i>12/31/08</i>	<i>2008E</i>	<i>Months</i>
									<i>3/31/09</i>
Volume									
Natural Gas (bcf)	29.2	31.4	120	30.9	30.9	31.3	31.3	124	124
Natural Gas (mmcf)	324	341	329	340	340	340	340	340	340
Days	90	92	365	91	91	92	92	366	365
Oil (mmb)	1.8	2.0	7	2.1	2.1	2.1	2.1	8	8
Oil (mbd)	19.6	21.7	20.4	22.8	22.8	22.8	22.8	22.8	22.8
Total (bcfe)	39.7	43.3	165	43.4	43.4	43.8	43.8	174	174
Total (mmcf)	442	448	451	476	476	476	476	476	476
Price									
Henry Hub (\$/mmbtu)	6.81	6.97	6.87	8.02	10.68	11.38	11.76	10.46	11.50
Differential (\$/mmbtu)	0.26	(0.49)	0.06	(0.33)	-	-	-	(0.09)	(0.02)
Company (\$/mcf)	6.55	7.46	6.82	8.35	10.68	11.38	11.76	10.55	11.52
WTI Cushing (\$/bbl)	58.08	90.67	72.28	97.94	117.66	118.86	117.23	112.92	117.37
Differential	2.86	2.60	2.58	3.56	4.28	4.44	4.38	4.14	4.35
Company (\$/bbl)	55.22	88.07	69.71	94.38	113.38	114.41	112.85	108.78	113.02
Revenue (\$mm)									
Natural Gas	191	234	818	258	330	356	368	1,312	1,428
Oil	97	176	519	196	235	240	236	907	940
Other									
Total	288	410	1,337	454	565	595	604	2,219	2,368
Expense									
Operating	51	50	225	60	97	108	105	369	419
Production taxes	21	27	94	31	42	45	45	163	178
General and administrative	15	16	55	14	21	22	21	78	86
Total	87	93	373	105	160	175	171	611	682
Ebitda	202	316	964	349	405	421	433	1,608	1,686
Deprec., Deplet., & Amort.	109	122	464	126	124	125	125	499	496
Other Non Cash	(10)	(9)	(48)	(11)				(11)	-
Ebit	103	203	548	234	281	296	308	1,119	1,190
Interest	3	4	16	3	3	3	3	12	12
Ebt	100	199	532	231	278	293	305	1,107	1,178
Income Tax	35	70	186	81	97	103	107	387	412
Net Income (\$mm)	65	130	346	150	181	190	198	720	766
Per Share (\$)	0.77	1.54	4.10	1.76	2.12	2.24	2.33	8.45	8.99
Shares (millions)									
Operating (\$/mcf)	1.28	1.15	1.37	1.38	2.24	2.46	2.39	2.12	2.41
Production taxes (%rev)	7.1	6.6	7.0	6.8	7.5	7.5	7.5	7.4	7.5
General and admin (\$/mcf)	0.38	0.38	0.33	0.32	0.49	0.50	0.49	0.45	0.49
Deprec., D, & A (\$/mcf)	2.74	2.81	2.82	2.91	2.85	2.85	2.85	2.86	2.85
Ebitda Margin	70%	77%	72%	77%	72%	71%	72%	72%	71%
Tax rate	35%	35%	35%	35%	35%	35%	35%	35%	35%



Cimarex Energy Company					
Functional Cash Flow and Present Value					
	NTM Ebitda	Adjusted	PV/	Present	
	(US\$mm)	R/P	Ebitda	Value	
				(US\$mm)	
North American Natural Gas	1,020	7.9	4.9	5,000	64%
Oil	666	6.6	4.2	2,800	36%
	1,686	7.5	4.6	7,800	100%
Debt (US\$mm)					600
Net Present Value (US\$mm)					7,200
Shares (mm)					85
Net Present Value - Standard Estimate (US\$/sh)					85
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					92



McDep LLC
Independent Stock Idea
May 6, 2008



Disclaimer: This analysis was prepared by Kurt Wulff, Manager of McDep LLC as of January 1, 2008. Previously Mr. Wulff was doing business as McDep Associates. The firm used sources and data believed to be reliable, but makes no representation as to their accuracy or completeness. This analysis is intended for informational purposes and is not a solicitation to buy or sell a security. Past performance is no guarantee of future results.

McDep does no investment banking business. McDep is not paid by covered companies including revenue from advertising, trading, consulting, subscriptions or research service. McDep shall not own more than 1% of outstanding stock in a covered company. No one at McDep is on the Board of Directors at a covered company nor is anyone at a covered company on the Board of Directors of McDep.

McDep or its employees may take positions in stocks the firm covers for research purposes. No trades in a subject stock shall be made within a week before or after a change in recommendation.

Certification: I, Kurt H. Wulff, certify that the views expressed in this research analysis accurately reflect my personal views about the subject securities and issuers. No part of my compensation was, is, or will be directly or indirectly related to the specific recommendations or views contained in this research analysis.

Research Methodology/Ratings Description: McDep LLC is an independent research originator focused on oil and gas stocks exclusively. The firm applies the thirty years of experience of its analyst to estimate a present value of the oil and gas resources and other businesses of covered companies. That value is compared with a company's stock market capitalization and debt. Stocks with low market cap and debt relative to present value tend to outperform stocks with high market cap and debt relative to present value. Buy recommendations are expected to deliver a total return better than 7% per year above inflation. Hold recommendations assume the attributes of the underlying business are reflected in the current price of the stock. Sell recommendations are expected to deliver a total return less than inflation.