

Part II Organizational Action *(continued)*

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ See attachment

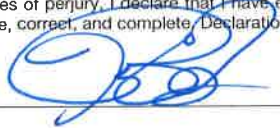
18 Can any resulting loss be recognized? ▶ See attachment

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ See attachment

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶



Date ▶

4/15/2019

Print your name ▶ Kent Ridd

Title ▶ Chief Tax Officer

Paid Preparer Use Only

Print/Type preparer's name

Preparer's signature

Date

Check if self-employed

PTIN

Firm's name ▶

Firm's EIN ▶

Firm's address ▶

Phone no.

Cimarex Energy Co.
EIN: 45-0466694
Attachment to Form 8937
Report of Organizational Actions Affecting Basis of Securities

The information contained in Form 8937 and this attachment does not constitute tax advice and is not intended to be a complete analysis or description of all potential U.S. federal income tax consequences of the Merger (as defined below). In addition, this information does not address tax consequences which may vary depending on the individual circumstances of Resolute Energy Corporation (Resolute) shareholders, or any non-income tax or any foreign, state or local tax consequences of the Merger. Accordingly, shareholders are strongly urged to consult with their own tax advisors to determine the particular U.S. federal, state, local or foreign income or other tax consequences of the Merger transaction to them, including the amount of gain or loss, if any, that they recognized in the Merger and the tax basis in XEC shares received in the Merger.

Part II:

Line 14. Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action:

Effective March 1, 2019, CR Sub 1 Inc, a direct wholly-owned subsidiary of Cimarex Energy Co. ("XEC"), merged with and into Resolute, with Resolute surviving the merger as a direct wholly-owned subsidiary of XEC, and Resolute, immediately following the first merger, merged with and into Cimarex Resolute LLC, another direct wholly-owned subsidiary of XEC, with Cimarex Resolute LLC surviving the merger as a direct wholly-owned subsidiary of XEC (collectively, the "Merger"). The Merger was structured to qualify as a reorganization under section 368(a)(1)(A) of the Internal Revenue Code of 1986, as amended. Pursuant to the Agreement and Plan of Merger, Resolute stockholders could make an election for each outstanding share of Resolute stock to be cancelled in exchange for one of the following forms of consideration.

- An amount of cash equal to \$35.00 ("Cash Election");
- 0.3943 shares of XEC stock ("Stock Election"); or
- An amount of cash equal to \$14.00 and 0.2366 shares of XEC stock (Mixed Election).
- Each share of Resolute Preferred Stock will be exchanged for one share of XEC Preferred Stock

Line 15. Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis:

Each Resolute shareholder that is subject to U.S. tax and that surrendered Resolute stock in exchange for the merger consideration in the Merger is responsible for determining such shareholder's own gain and allowable loss resulting from the exchange and from future dispositions. XEC is supplying this information to assist the Resolute shareholders in determining the amount of gain or loss that must be recognized as a result of the exchange and to determine the tax basis such shareholder takes in the XEC stock received in the Merger.

Each Resolute shareholder subject to U.S. tax that receives cash and XEC shares must recognize gain (but not loss, except with respect to cash received in lieu of any fractional shares) in an amount equal to

the lesser of (i) the excess of the cash (other than cash received in lieu of any fractional share) plus the fair market value of any XEC shares¹ received in the Merger (including any fractional share for which cash was paid) over such holder's adjusted U.S. tax basis in the Resolute shares surrendered by such holder in the Merger, or (ii) the cash received by such holder in the Merger (not including cash received in lieu of any fractional shares). The holder may recognize additional gain (or may recognize a loss) on the deemed sale of a fractional share based on a price of \$73.6873² per share. Each Resolute shareholder subject to U.S. tax that receives only cash in the Merger recognizes gain or loss on the exchange of Resolute shares for such cash.

Each holder's aggregate adjusted U.S. tax basis in the XEC shares received in the Merger (including the fractional shares for which cash was paid) will equal such holder's aggregate adjusted U.S. tax basis in the Resolute shares surrendered in the Merger, plus the amount of taxable gain recognized by such holder in the Merger (other than any gain recognized with respect to fractional shares), minus the amount of cash received by such holder in the Merger (other than any cash received in lieu of fractional shares).

Cash Election Example. A U.S. holder of 100 Resolute shares with \$15.00 adjusted U.S. tax basis per share (i.e., \$1,500.00 aggregate adjusted U.S. tax basis) who made a Cash Election would have received \$3,500.00 (i.e., \$35.00 multiplied by 100 shares) of total proceeds in cash, so he must recognize taxable gain equal to \$2,000.00 (i.e., \$3,500.00 total cash proceeds received less \$1,500.00 adjusted tax basis).

Stock Election Example 1 – No Fractional Share. A U.S. holder of 10,000 Resolute shares with \$15.00 adjusted U.S. tax basis per share (i.e., \$150,000.00 aggregate adjusted U.S. tax basis) who made a Stock Election would have \$150,000.00 tax basis in 3,943 (10,000 shares multiplied by 0.3943 the exchange ratio) shares of XEC stock.

Stock Election Example 2 – Fractional Share. A U.S. holder of 5,000 Resolute shares with \$15.00 adjusted U.S. tax basis per share (i.e., \$75,000.00 aggregate adjusted U.S. tax basis) who made a Stock Election would have \$75,000.00 tax basis in 1,971.50 shares of XEC stock or \$38.04 per share. Such holder would take an aggregate U.S. tax basis of \$74,980.98 in the 1,971.00 XEC shares actually received (i.e., \$75,000.00 aggregate basis less \$19.02 (0.50 multiplied by \$38.04, the holder's basis in a whole XEC share)).

The sale of the 0.50 fractional share for approximately \$36.84 (i.e., \$73.6873 multiplied by 0.50 shares) would result in \$17.82 of additional gain (i.e., \$36.84 less \$19.02 (0.5 multiplied by \$38.04, the holder's basis in a whole XEC share)) to such holder.

Preferred Shares. A U.S. holder of 1,000 Resolute shares with \$100.00 adjusted U.S. tax basis per share (i.e., \$100,000.00 aggregate adjusted U.S. tax basis) who exchanged Resolute Preferred Shares for XEC Preferred Shares would have \$100,000.00 tax basis in 1,000 (1,000 shares multiplied by 1.00 exchange ratio) shares of XEC stock.

¹ A holder may utilize other methods to calculate the fair market value of the XEC stock received in the Merger, such as the \$73.08 closing trading price of the XEC stock on the New York Stock Exchange on March 1, 2019. Consult your tax advisor to discuss the appropriate method for calculating the fair market value of the XEC stock received in the Merger.

² A holder of Resolute shares receiving cash in lieu of fractional XEC shares was paid \$73.6873 multiplied by the fractional shares of XEC stock received in the exchange.

Mixed Stock Election Example 1 – Gain in Resolute Shares Exceeds Cash Received (No Fractional Share). A U.S. holder of 10,000 Resolute shares with \$15.00 adjusted U.S. Tax basis per share (i.e., \$150,000.00 aggregate adjusted U.S. tax basis) would have received \$140,000.00 (i.e., \$14.00 multiplied by 10,000 shares) of total cash and 2,366 XEC shares in the Merger (i.e., 10,000 Resolute shares multiplied by the .2366 exchange ratio). Based on the \$72.92 high-low average trading price of the XEC shares on the New York Stock Exchange on March 1, 2019 (the effective date of the Merger), such holder would have received total proceeds of \$312,528.72 (i.e., \$140,000.00 of cash, plus 2,366 shares of XEC stock with a per-share value of \$72.92 and an aggregate value of \$172,528.72), so such U.S. holder must recognize taxable gain equal to \$140,000.00, the lesser of (i) \$162,578.72 (i.e., the excess of the \$312,528.72 total consideration received over his \$150,000.00 aggregate adjusted U.S. tax basis in the Resolute shares surrendered), and (ii) \$140,000.00 (the total cash received by such holder). Such holder would take an aggregate adjusted U.S. tax basis in the 2,633 XEC shares received equal to \$150,000.00, computed via the following calculation: such Holder's \$150,000.00 aggregate adjusted U.S. tax basis in the Resolute shares surrendered, *plus* \$140,000.00 (the amount of gain recognized by such holder as a result of the Merger), *minus* \$140,000.00 (the amount of cash received by such holder in the Merger). Such holder's aggregate U.S. tax basis of \$150,000.00 in the 2,366 XEC shares received would result in a per-share basis of \$63.40 (i.e., \$150,000.00 divided by 2,366 XEC shares).

Mixed Stock Election Example 2 - Cash Received Exceeds Gain in Resolute Shares (No Fractional Shares). A U.S. holder of 10,000 Resolute shares with \$20.00 adjusted U.S. tax basis per share (i.e., \$200,000.00 aggregate adjusted U.S. tax basis) would also have received \$140,000.00 of total cash and 2,366 XEC shares in the Merger. Such holder would have received total proceeds of \$312,528.72 (i.e., \$140,000.00 of cash, plus 2,366 shares of XEC stock with a per-share value of \$72.92 and an aggregate value of \$172,528.72), so such U.S. holder must recognize taxable gain equal to \$112,528.72, the lesser of (i) \$112,728.72 (i.e., the excess of the \$312,528.72 total consideration received over his \$200,000.00 aggregate adjusted U.S. tax basis in the Resolute shares surrendered), or (ii) \$140,000.00 (the total cash received by such holder). Such holder would take an aggregate adjusted U.S. tax basis in the 2,366 XEC shares received equal to \$172,528.72, computed via the following calculation: such holder's \$200,000.00 aggregate adjusted U.S. tax basis in the Resolute shares surrendered, *plus* \$112,528.72 (the amount of gain recognized by such holder as a result of the Merger before accounting for the sale of the fractional share), *minus* \$140,000.00 (the amount of cash received by such holder in the Merger other than cash in lieu of the fractional share). Such holder's aggregate adjusted U.S. tax basis of \$172,528.72 in the 2,366 XEC shares received would result in a per-share basis of \$72.92 per share (i.e., \$172,528.72 divided by 2,366 shares), equal to the fair market value of the XEC shares received by such holder on the effective date of the Merger.

Mixed Stock Election Example 3 - Loss in Resolute Shares (No Fractional Shares). A U.S. holder of 10,000 Resolute shares with \$35.00 adjusted U.S. tax basis per share (i.e., \$350,000.00 aggregate tax basis) would also have received \$140,000.00 of total cash and 2,366 XEC shares in the Merger. Such holder would have received total proceeds of \$312,528.72 (i.e., \$140,000.00 of cash, plus 2,366 shares of XEC stock with a per-share value of \$72.92 and an aggregate value of \$172,528.72), so such holder would realize a loss that would not be recognized. Such holder would recognize neither gain nor loss (other than loss recognized on the sale of any fractional share), and would take an aggregate adjusted U.S. tax basis in the 2,366 XEC shares received equal to \$210,000.00, computed via the following calculation: such holder's \$350,000.00 aggregate adjusted U.S. tax basis in the Resolute shares surrendered, *plus* \$0 (the amount of gain recognized by such holder as a result of the Merger before accounting for the sale of the fractional share), *minus* \$140,000.00 (the amount of cash received by such holder in the Merger other than cash in lieu of the fractional share). Such holder's aggregate adjusted U.S. tax basis of \$210,000.00 in the 2,366 XEC shares received would result in a per-share basis of \$88.76 per share (i.e., \$210,000.00 divided by 2,366 shares).

Mixed Stock Election Example 4 - Gain in Resolute Shares Exceeds Cash Received (With Fractional Shares). A U.S. holder of 4,000 Resolute shares with \$15.00 adjusted U.S. tax basis per share (i.e., \$60,000.00 aggregate adjusted U.S. tax basis) would have received \$56,000.00 (i.e., \$14.00 multiplied by 4,000 shares) of total cash and 946.40 XEC shares (before the sale of the 0.40 XEC share) in the Merger (i.e., 4,000 Resolute shares multiplied by the .2366 exchange ratio). Such holder would have received total proceeds of \$125,011.49 (i.e., \$56,000.00 of cash, plus 946.40 shares of XEC stock with a per-share value of \$72.92 and an aggregate value of \$69,011.49), so such U.S. holder must recognize taxable gain equal to \$56,000.00, the lesser of (i) \$65,011.49 (i.e., the excess of the \$125,011.49 total consideration received over his \$60,000.00 aggregate adjusted U.S. tax basis in the Resolute shares surrendered), and (ii) \$56,000.00 (the total cash received by such holder excluding cash received for fractional shares). Such holder would take an aggregate adjusted U.S. tax basis in the 946.40 XEC shares received equal to \$60,000.00, computed via the following calculation: such holder's \$60,000.00 aggregate adjusted U.S. tax basis in the Resolute shares surrendered, *plus* \$56,000.00 (the amount of gain recognized by such holder as a result of the Merger), *minus* \$56,000.00 (the amount of cash received by such holder in the Merger excluding cash received for fractional shares). Such holder's aggregate U.S. tax basis of \$60,000.00 in the 946.40 XEC shares received would result in a per-share basis of \$63.40 (i.e., \$60,000.00 divided by 946.40 XEC shares). Such holder would take an aggregate U.S. tax basis of \$59,974.64 in the 946.00 XEC shares actually received (i.e., \$60,000.00 aggregate basis less \$25.36 (0.40 multiplied by \$63.40, the holder's basis in a whole XEC share)).

The sale of the 0.40 fractional share for approximately \$29.47 (i.e., \$73.6873 multiplied by 0.40 shares) would result in \$4.11 of additional gain (i.e., \$29.47 less \$25.36 (0.4 multiplied by \$63.40, the holder's basis in a whole XEC share)) to such holder.

Line 16. Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates:

See the examples described in the above response to Part II, Line 15 for illustrative calculations of the adjusted U.S. tax basis of the shares of XEC stock received by Resolute shareholders in the Merger.

If an Resolute shareholder owned multiple blocks of Resolute stock (such as tranches of Resolute stock purchased at different times, resulting in different adjusted U.S. tax basis in each tranche), the merger consideration received by such shareholder must be apportioned among the blocks of Resolute stock owned by him and such holder may have differing blocks of adjusted U.S. tax basis in the XEC stock received by him in the Merger. Although the per-share merger consideration received by such holder would not vary among his different blocks of Resolute stock, the holder's adjusted U.S. tax basis in each such block of Resolute stock would vary, thereby resulting in different amounts of gain recognized per block.

Line 17. List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based:

Sections 302, 354, 356, 358, 368, 1223.

Line 18. Can any resulting loss be recognized?

No loss may be recognized in the exchange of the Stock Election shares, except with respect to cash received in lieu of any fractional shares. Loss may be recognized in the exchange of the Cash Election shares.

Line 19. Provide any other information necessary to implement the adjustment, such as the reportable tax year:

The tax consequences of the exchange of shares in the Merger should be reported by a shareholder in its taxable year that includes March 1, 2019.

The holding period for the XEC shares received in the Merger (including the fractional shares for which cash was paid, if any) generally would include the holding period for the Resolute shares surrendered therefor in the Merger.

Shareholders should consult their tax advisors to determine the tax consequences to them of the Merger.