

PRIMEENERGY CORP  
Form DEF 14A  
April 22, 2016  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A**  
**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary proxy statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive proxy statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**PRIMEENERGY CORPORATION**

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing proxy statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

Table of Contents

- x No fee required.
- .. Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
  - 1) Title of each class of securities to which transaction applies:
  
  
  - 2) Aggregate number of securities to which transaction applies:
  
  
  - 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  
  
  - 4) Proposed maximum aggregate value of transaction:
  
  
  - 5) Total fee paid:
- .. Fee paid previously with preliminary materials.
- .. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
  - 1) Amount Previously Paid:
  
  
  - 2) Form, Schedule or Registration Statement No.:
  
  
  - 3) Filing Party:

4) Date Filed:

Table of Contents

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS OF**

**PrimeEnergy Corporation**

**TO BE HELD**

**May 10, 2016**

Notice is hereby given that the Annual Meeting of Stockholders of PrimeEnergy Corporation (the Company) will be held on Tuesday, May 10, 2016, at 9:00 a.m., EDT, at the offices of the Company, One Landmark Square, 11th Floor, Stamford, Connecticut 06901, for the following purposes:

1. To elect a Board of Directors of seven (7) persons as nominated in the accompanying proxy statement, such Directors to hold office until the next annual meeting of stockholders and until their successors are elected;
2. An advisory (non-binding) vote to approve our executive compensation as described in the accompanying proxy statement; and
3. To transact such other procedural business as may properly be brought before the Meeting or at any adjournment or adjournments thereof.

The Meeting may be adjourned from time to time without other notice than by announcement at the Meeting, or at any adjournment thereof, and any and all business for which the Meeting is hereby noticed may be transacted at any such adjournment.

The Board of Directors has fixed April 5, 2016, as the date for the taking of a record of the stockholders entitled to notice of and to vote at the Meeting and at any adjournment or adjournments thereof. The stock transfer books will not be closed.

Enclosed is a form of proxy solicited by the Board of Directors of the Company. Stockholders who do not plan to attend the Meeting in person are requested to date, sign and return the enclosed proxy in the enclosed envelope, to which no postage need be affixed if mailed in the United States. Your proxy may be revoked at any time before it is exercised and will not be used if you attend the Meeting and prefer to vote in person.

BY ORDER OF THE BOARD OF  
DIRECTORS

/s/ PATRICIA C. DELANEY  
PATRICIA C. DELANEY  
*Secretary*

April 22, 2016

**Important Notice Regarding Internet Availability of  
Proxy Materials for the Annual Meeting of Stockholders**

Edgar Filing: PRIMEENERGY CORP - Form DEF 14A

**to be held on May 10, 2016**

The proxy material for this Annual Meeting and the Company's 2015 Annual Report

to Stockholders are available at [www.proxydocs.com/PNRG](http://www.proxydocs.com/PNRG)

**Table of Contents**

**PROXY STATEMENT**

**TABLE OF CONTENTS**

<b><u>GENERAL INFORMATION</u></b>	1
<u>Matters to be Voted on at the Annual Meeting</u>	1
<u>Vote Required</u>	1
<b><u>SECURITIES OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u></b>	3
<b><u>PROPOSAL 1 - ELECTION OF DIRECTORS</u></b>	5
<u>Directors and Nominees</u>	5
<b><u>TRANSACTIONS WITH RELATED PERSONS</u></b>	7
<b><u>CORPORATE GOVERNANCE</u></b>	7
<u>Board Independence and Composition</u>	7
<u>Board Leadership</u>	8
<u>The Board's Role in Risk Oversight</u>	8
<u>Board Meetings</u>	8
<u>Board Attendance at Annual Meeting</u>	8
<u>Committees of the Board</u>	8
<u>Executive Committee</u>	8
<u>Audit Committee</u>	8
<u>Compensation Committee</u>	9
<u>The Board as Nominating Committee</u>	9
<u>Executive And Director Compensation</u>	10
<u>Compensation Overview</u>	10
<u>Summary Compensation Table</u>	11
<u>Outstanding Equity Awards at Fiscal Year-end</u>	12
<u>Unexercised Options</u>	12
<u>Director Compensation</u>	12
<b><u>PROPOSAL 2 - ADVISORY, NON-BINDING VOTE ON EXECUTIVE COMPENSATION</u></b>	12
<b><u>AUDIT COMMITTEE REPORT</u></b>	13
<b><u>CODE OF BUSINESS CONDUCT AND ETHICS</u></b>	14
<b><u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u></b>	14
<b><u>INDEPENDENT PUBLIC ACCOUNTANTS FEES AND SERVICES</u></b>	14
<b><u>STOCKHOLDERS PROPOSALS AND NOMINATIONS</u></b>	14
<b><u>COMMUNICATIONS WITH THE BOARD OF DIRECTORS</u></b>	15
<b><u>ANNUAL REPORT AND FINANCIAL STATEMENTS</u></b>	15

**Table of Contents**

**PrimeEnergy Corporation**

**9821 Katy Freeway**

**Houston, Texas 77024**

**PROXY STATEMENT**

**Solicitation by the Board of Directors of Proxies from**

**Stockholders for Annual Meeting of Stockholders**

**May 10, 2016**

**GENERAL INFORMATION**

The Board of Directors of PrimeEnergy Corporation, a Delaware corporation, (hereinafter called the Company ) solicits your proxy in the enclosed form which, if you do not plan to attend the Annual Meeting of Stockholders of the Company on Tuesday, May 10, 2016, you are requested to fill out, sign as indicated and return to the Company in the enclosed self-addressed envelope, which requires no postage if mailed in the United States. Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before it is exercised by notice (i) in person by the stockholder's oral revocation at the Annual Meeting or (2) in writing to the Company at One Landmark Square, Stamford, Connecticut 06901 (Attention: Corporate Secretary), if the proxy was executed and returned. The approximate date on which the proxy statement and form of proxy will be sent to security holders is April 22, 2016.

Proxies are being solicited by mail and all expenses of solicitation have been or will be borne by the Company. In addition, arrangements may be made with brokerage houses and other custodians, nominees and fiduciaries to send proxies and proxy materials to their principals and the Company will reimburse them for their expenses in so doing.

Only stockholders of record at the close of business on April 5, 2016 (the Record Date ), are entitled to vote at the 2016 Annual Meeting and any adjournment thereof. There were 2,294,553 shares of common stock ( Common Stock ) outstanding on the Record Date. Each holder of Common Stock is entitled to vote on the proposals presented in this proxy statement for each share held, each share entitling the record holder thereof to one vote.

**Matters to be Voted on at the Annual Meeting**

There are two (2) proposals that are scheduled to be voted on at the Annual Meeting. Stockholders are being asked to vote on (1) the election of seven (7) Directors named herein to the Board of Directors of the Company; and (2) an advisory (non-binding) vote to approve the executive compensation paid as described in this proxy statement.

**Vote Required**

All shares of the Company represented by proxies received in time and in proper form and condition and not revoked will be voted as specified in the proxy; or in the absence of specific direction, the proxy will be voted by the person designated therein:

**FOR** the election as Directors of the Company of the seven (7) nominees named herein, to hold office until the next annual meeting of stockholders and until their respective successors shall be duly elected; and

**FOR** the approval of executive compensation.

In the event any of the nominees should become unable to serve as a Director, it is intended that, pursuant to the accompanying form of proxy, votes will be cast for a substitute nominee designated by the Board of Directors.



**Table of Contents**

The election of Directors will require the affirmative votes of a plurality of the shares of the Common Stock voting in person or by proxy at the Annual Meeting. The Company's transfer agent will tabulate all votes that are received prior to the date of the Annual Meeting. The Company will appoint two inspectors of election, who may be officers or employees, to receive the transfer agent's tabulation, to tabulate all other votes, and to certify the results of the elections. Abstentions and broker non-votes are each included in the determination of the number of shares present and voting (i.e., for quorum purposes), but shall not be counted for the purposes of the election of Directors.

As to the advisory vote for the approval of the compensation paid to the named executive officers described in this proxy statement, the approval will be determined by a majority of the votes cast, without regard to broker non-votes or proxies marked Abstain.

The management knows of no matters to be submitted to the 2016 Annual Meeting with respect to which the stockholders are entitled to vote other than the election of Directors and the advisory (non-binding) vote described above, but if procedural matters do properly come before the Meeting, the persons named in the proxy will vote according to their best judgment.

**Table of Contents**

**SECURITIES OWNERSHIP OF CERTAIN  
BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth the number and percentage of shares of the Common Stock of the Company owned beneficially by any person, including any group as that term is defined in Section 12d (3) of the Securities Exchange Act of 1934, known to the Company to be the beneficial owner of five percent (5%) or more of the Common Stock, as of April 12, 2016. Information as to beneficial ownership is based upon statements furnished to the Company by such persons. Except as indicated, all shares are held directly, with full voting and dispositive powers, and percentages are calculated on the basis of the shares issued and outstanding, and with respect to those named persons holding options presently exercisable or within 60 days of April 12, 2016, includes the number of shares to be issued upon exercise of such options.

<b>Name and Address of Beneficial Owner</b>	<b>Amount and Nature of Beneficial Ownership</b>	<b>Percent of Class</b>
Charles E. Drimal, Jr. 9821 Katy Freeway  Houston, Texas 77024	1,222,754(1)	40.86
Amrace, Inc. 1251 Avenue of the Americas  27 <sup>th</sup> Floor  New York, New York 10020	391,422(2)	17.06
Ebersole Gaines Wehrle 11444 West Olympic Avenue, 11th Floor  Los Angeles, California 90065	241,500(3)	10.52
Eckenstein-Geigy-Stiftung Foundation c/o Gabriel Eckenstein  Ob dem Hugliacker 7  4102 Binningen, Switzerland	209,484	9.13
Clint Hurt 107 North N	201,550(4)	8.78

Midland, Texas 79701

Jan K. Smeets	170,000(5)	7.41
9 Locust Avenue		

Larchmont, New York 10538

H. Gifford Fong	136,941(6)	5.97
3658 Mt. Diablo Boulevard Suite 200		

Lafayette, California 94549

- (1) Includes 525,254 shares as to which Mr. Drimal has sole voting and investment power, 697,500 shares subject to options, all presently exercisable.

**Table of Contents**

- (2) Includes 391,422 shares as to which Robert de Rothschild, Michael A. Varet and Rene-Pierre Azria have shared voting and investment power. Robert de Rothchild disclaims beneficial ownership except to the extent of his pecuniary interest in the shares. Neither Mr. Varet nor Mr. Azria has any pecuniary interest in the shares.
- (3) Includes 101,500 shares held of record by The Gaines Wehrle Revocable Trust Indenture dated November 4, 2011 as to which Mr. Wehrle has sole voting and investment power and 140,000 shares held of record by The Gaines Wehrle 2008 Family Trust as to which Mr. Wehrle has sole voting and investment power.
- (4) Includes 300 shares as to which Mr. Hurt has sole voting and investment power and 201,250 shares held of record by Clint Hurt & Associates, Inc., a private company controlled by Mr. Hurt as to which Mr. Hurt has sole voting and investment power.
- (5) Includes 162,500 shares as to which Mr. Smeets has sole voting and investment power, and 7,500 shares as to which Mr. Smeets has sole voting power pursuant to voting agreements dated June 29, 2006, as to 2,500 each, between Mr. Smeets and his three sons who are the record owners of such shares. Mr. Smeets has no dispositive power with respect to such 7,500 shares and no pecuniary interest in such shares.
- (6) Includes 54,141 shares as to which Mr. Fong has shared voting and investment power and 82,800 shares for which Mr. Fong has sole voting power pursuant to voting agreements dated June 28, 2006, between Mr. Fong and his two sons who are the record owners of such shares. Mr. Fong has no dispositive powers with respect to such 82,800 shares and no pecuniary interest in such shares.

The following table sets forth information at April 12, 2016, with respect to the shares of the Company's Common Stock beneficially owned by the Directors, and the executive officers of the Company, individually, and as a group:

Name	Amount	
	Beneficially	
	Owned(1)	Percent of Class (1)
Beverly A. Cummings	75,000(2)	3.17
Charles E. Drimal, Jr.	1,222,754(3)	40.86
H. Gifford Fong	136,941(4)	5.97
Thomas S. T. Gimbel	1,000	0.04
Clint Hurt	201,550(5)	8.78
Jan K. Smeets	170,000(6)	7.41
Ebersole Gaines Wehrle	241,500(7)	10.52
All Directors and executive officers as a group	2,048,745 (2)(3)(4)(5)(6)(7)	89.29

- (1) Unless otherwise indicated, all shares are owned directly and the holder thereof has sole voting and investment powers with respect thereto, and percentages are calculated on the basis of the shares issued and outstanding, and with respect to those persons, or group, holding options presently exercisable or within 60 days, includes the number of shares to be issued upon exercise of such options.
- (2) Includes 5,000 shares as to which Ms. Cummings has shared voting and investment power and 70,000 shares subject to options all presently exercisable.
- (3) Includes 525,254 shares as to which Mr. Drimal has sole voting and investment power, 697,500 shares subject to options, all presently exercisable.
- (4) Includes 54,141 shares as to which Mr. Fong has shared voting and investment power and 82,800 shares for which Mr. Fong has sole voting power pursuant to voting agreements dated June 28, 2006, between Mr. Fong and his two sons who are the record owners of such shares. Mr. Fong has no dispositive powers with respect to such

82,800 shares and no pecuniary interest in such shares.

- (5) Includes 300 shares as to which Mr. Hurt has sole voting and investment power and 201,250 shares held of record by Clint Hurt & Associates, Inc., a private company controlled by Mr. Hurt as to which Mr. Hurt has sole voting and investment power.

**Table of Contents**

- (6) Includes 162,500 shares as to which Mr. Smeets has sole voting and investment power, and 7,500 shares as to which Mr. Smeets has sole voting power pursuant to voting agreements dated June 29, 2006, as to 2,500 each, between Mr. Smeets and his three sons who are the record owners of such shares. Mr. Smeets has no dispositive power with respect to such 7,500 shares and no pecuniary interest in such shares.
- (7) Includes 101,500 shares held of record by The Gaines Wehrle Revocable Trust Indenture dated November 4, 2011 as to which Mr. Wehrle has sole voting and investment power and 140,000 shares held of record by The Gaines Wehrle 2008 Family Trust as to which Mr. Wehrle has sole voting and investment power.

**ELECTION OF DIRECTORS**

**(PROPOSAL NO. 1)**

**Directors and Nominees**

There will be submitted by the management to the 2016 Annual Meeting for election as Directors, the seven (7) nominees whose names, together with certain information concerning them, are set out below. All of the nominees are presently serving as Directors of the Company, were elected to their present term of office by the stockholders and have served continuously as a Director since the dates indicated below. The term of those nominees who are currently serving as Directors are expiring this year. All of the nominees are proposed for election for a one-year term expiring in 2017. Four of the nominees for Directors qualify as independent directors within the meaning of applicable regulatory standards. There is no family relationship between any nominee for Director or the executive officers of the Company. In the event any of the nominees shall become unable to serve as a Director, it is intended that the proxy will be voted for a substitute nominee designated by the Board of Directors; however, no circumstances are at present known which would render any nominee unavailable.

Nominees

**Beverly A. Cummings** Director since February 1988

Beverly A. Cummings, age 63, is a Certified Public Accountant and holds a Bachelor of Science degree from the State University of New York and a Master of Business Administration from Rutgers University. She was elected Vice President, Chief Financial Officer and Treasurer of the Company in October, 1987, and Executive Vice President in May, 1991, and serves as the Principal Financial Officer of the Company. Ms. Cummings holds similar positions with the Company's subsidiaries. The attributes that prompted Ms. Cummings' election to the Board were her significant financial skills and experience, as well as her understanding of oil and gas operations, and in particular of those of PrimeEnergy. Those qualifications continue to contribute to her effective service as a director today.

**Charles E. Drimal, Jr.** Director since October 1987

Charles E. Drimal, Jr., age 68, has served as President and Chief Executive Officer of the Company since October 1987, and holds the position of Chairman of the Board of Directors. He also holds similar positions with the Company's subsidiaries. Mr. Drimal is a graduate of the University of Maryland and Samford University School of Law and is a retired member of the New York State Bar. The leadership skills, experience and thorough knowledge of the oil and gas industry that uniquely qualified Mr. Drimal to become the President and Chief Executive Officer in 1987 have continued to make him an invaluable member and Chairman of the Board of Directors.



**Table of Contents**

**H. Gifford Fong** Director since May 1994

Mr. Fong, age 71, is president of Gifford Fong Associates, an investment technology consulting firm located in Lafayette, California. Mr. Fong holds a Bachelor of Science, a Master of Business Administration and a Juris Doctor degree from the University of California. Mr. Fong is the editor of The Journal of Investment Management and is the author and a frequent contributor of numerous trade journal publications. Mr. Fong's expertise in transaction valuation, portfolio risk management and asset management is an important resource for the Board. His substantial knowledge and experience in financial matters and business operations fully qualify him to serve as a member of the Board of Directors.

**Thomas S. T. Gimbel** Director since March 1989

Thomas S. T. Gimbel, age 61, is the Executive Managing Director of Optima Fund Management LLC, an investment advisory and asset management firm registered with the Securities and Exchange Commission, with offices in New York City. He previously served as Managing Director, Business and Product Development of that firm. Prior to joining Optima, he was the Managing Director of Hedge Fund Investments at Credit Suisse Asset Management, New York. In addition, he is the Chief Executive Officer and Director of American Farmland Company, a Maryland Corporation. Mr. Gimbel holds a Bachelor of Arts degree in economics from Bowdoin College and a Master of Business Administration from Columbia University Graduate School of Business. His proven ability to develop successful investment and management strategies for his clients, his keen business acumen, and his knowledge of the financial markets were some of the qualities that first formed the basis for his election to the Board. Those qualities, along with his experience in financial analysis, continue to make Mr. Gimbel's participation on the Board efficacious.

**Clint Hurt** Director since February 1988

Clint Hurt, age 80 is president of Clint Hurt & Associates, Inc., a private oil and gas exploration company located in Midland, Texas. He is past president of the Independent Oil & Gas Association of West Virginia and is a former director of Chase Bank of Texas, in Midland, Texas. Mr. Hurt's expertise in the oil and gas industry and his unique insight into the trends and developments in the industry made him an excellent candidate for the Board. Those attributes have also enabled him to make an important contribution to the Company in his 28 years of service to the Board.

**Jan K. Smeets** Director since February 1988

Jan K. Smeets, age 68, is the President of Smeets Management, Inc., a privately held consulting firm in Larchmont, New York. Mr. Smeets holds a Bachelor of Science and a Master of Science degree in Chemical Engineering from the Massachusetts Institute of Technology and a Masters of Business Administration from Stamford Graduate School of Business. In the course of his career, Mr. Smeets worked as a process engineer for Exxon in Aruba and as a management consultant with McKinsey and Company serving clients in the communications, chemicals and oil industries. He also served on the board of the Citco Group, an international financial services provider. His background in assessing and analyzing financial statements and related reporting qualify him as an audit committee financial expert within the meaning of the rules of the Securities and Exchange Commission and enable him to fulfill his role as Chairman of the Audit Committee. Mr. Smeets' experience in advising businesses on the development of operational budgets, capital plans, and strategic goals have also resulted in his effectively serving the Board as a director.



**Ebersole Gaines Wehrle** Director since May 2014

Ebersole Gaines Wehrle, age 58, served as a director of the Company from 1987 through 2007. He resigned following the formation of McJunkin Red Man Corporation for whom he served as director, and which corporation was the result of a merger of his family's business, the McJunkin Corporation and Red Man Pipe and Supply Co. Mr. Wehrle's experience in the oil and gas industry spans thirty years. He worked for and was a

## **Table of Contents**

majority owner and director of the McJunkin Corporation, which was a wholesale provider of piping and supplies for oil and gas operations. Mr. Wehrle has also owned and operated oil and gas wells in the United States through his own private ventures. He attended Princeton University and received a Bachelor of Arts degree in Anthropology. He no longer serves as a director of any corporation and is currently self-employed and engaged in the management of his family's investments. The depth of Mr. Wehrle's extensive experience in the oil and gas industry, his history with the Company and his understanding of a director's responsibilities, provide him with unique knowledge and skills that make him a valuable member of the Company's Board of Directors.

### **The Board of Directors recommends a vote FOR the election of all Nominees**

#### **(Proposal No. 1)**

**Information about the Executive Officers** (for information regarding Ms. Cummings and Mr. Drimal, see the descriptions on page 5).

Mr. Drimal and Ms. Cummings were elected by the Board of Directors to their respective offices in May 2015, at the annual meeting of the Board. Each will hold their respective offices until his or her successor is elected by the Board.

### **TRANSACTIONS WITH RELATED PERSONS**

On January 4, 2016, the Company purchased 10,000 shares of Common Stock from Jan K. Smeets, for the price of \$48.00 per share. Mr. Smeets is a Director and a Director Nominee of the Company. The transaction was approved by the members of the Board of Directors.

Clint Hurt, a Director and Director Nominee of the Company, is a member of Hurt Interest LLC, a company owned by Mr. Hurt and a family member. In the normal course of their businesses, Mr. Hurt and Hurt Interest LLC make investments in oil and gas producing properties, some of which are operated by the Company's subsidiary, Prime Operating Company. They receive, like the other interest owners in the properties operated by Prime Operating Company, including the Company, revenue payments from the sale of oil and gas produced by the properties. They are also required, like the other interest owners in those properties, to pay their proportionate share of the expenses to develop and operate those properties. In 2014, Mr. Hurt and Hurt Interest LLC received approximately \$219,608, from the Company for their interests in properties operated by the Company, of which Mr. Hurt received \$114,704.

### **CORPORATE GOVERNANCE**

#### **Board Independence and Composition**

The core responsibility of the Board of Directors is to provide objective, independent judgment in its management oversight function and the Board's composition reflects that principle. The Board is composed of a majority of independent directors. A director's independence is determined in accordance with the definition set forth in National Association of Securities Dealers Automated Quotations (NASDAQ) listing standards and other pertinent and applicable legal and regulatory standards. The Board of Directors annually reviews the relationships between directors and members of their immediate families and the Company, in order to make its determination regarding the independence of each director. As a result of this review, the Board has determined that H. Gifford Fong, Thomas S.T. Gimbel, Jan K. Smeets and Ebersole Gaines Wehrle are independent directors.



## **Table of Contents**

### **Board Leadership**

The Board of Directors, in its discretion, may elect a Chairman of the Board. The Chairman leads the Board and presides at all Board meetings, and is responsible for delivery of information for the Board's informed decision-making.

Based upon the structure that best serves the interests of the Company, the Board determines whether the role of the Chairman of the Board and the Chief Executive Officer should be held by one individual or should be separated. Currently, the Board believes that the positions of Chairman of the Board and Chief Executive Officer should be held by the same person because this combination has served the Company well in the past and continues to work well today, by providing unified leadership and direction. The Directors have also determined that it is not necessary to appoint a lead independent director at this time.

### **The Board's Role in Risk Oversight**

The Company's risk management efforts are the responsibility of the Board of Directors. The Chief Executive Officer, the Chief Financial Officer and other officers of the Company review with the Board areas of material operational, financial and regulatory risks and the likelihood of the risks coming to fruition. This enables the Board to have a thorough understanding of the relative magnitude of such risks and to assess and influence the management and mitigation strategies undertaken by the Company to address those risks.

### **Board Meetings**

The Board of Directors met twice in 2015. Each director attended 75% or more of the aggregate number of meetings of the Board of Directors and the committee or committees thereof on which such director served during 2015.

### **Board Attendance at Annual Meeting**

The Company does not have a policy that requires members of the Board of Directors to attend the Annual Meeting. All members of the Board of Directors are encouraged to attend the Annual Meeting. All of the members of the Board of Directors attended the Annual Meeting of the Company held in May 2015 in person or by telephone conference.

### **Committees of the Board**

The Board of Directors has an Executive Committee, an Audit Committee and a Compensation Committee.

#### **Executive Committee**

The Executive Committee, composed of Messrs. Drimal, Jr., Hurt, Smeets and Ms. Cummings, is authorized to exercise all the authority of the Board in the business and affairs of the Company, except as limited by applicable law. The Executive Committee met twice during 2015, and informally, by telephone conference on a regular basis, usually weekly, during the year.

#### **Audit Committee**

The Audit Committee, composed of Messrs. Wehrle, Gimbel and Smeets, met once in 2015. All members of the Audit Committee were independent under NASDAQ listing standards and other pertinent legal and regulatory standards. Mr. Wehrle, as the beneficial owner of more than 10% of the outstanding stock of the Company, falls outside of the

safe harbor provisions of SEC Rule 10A-3(e)(1)(ii). The Board of Directors has determined that Mr. Smeets meets the qualifications of an audit committee financial expert within the meaning of the regulations of the Securities and Exchange Commission and NASDAQ listing standards. The Committee

## **Table of Contents**

selects and engages independent auditors to audit the books, records and accounts of the Company, determines the scope of such audits, and reviews the financial policies and control procedures of the Company. The report of the Audit Committee is included in this proxy statement on page 13. The Board of Directors and the Audit Committee have adopted a written charter for the Audit Committee, a copy of which was attached as Exhibit A to the Company's 2014 proxy statement.

## **Compensation Committee**

The Compensation Committee, composed of Messrs. Gimbel and Smeets, met once in 2015. All members of the Compensation Committee were independent under NASDAQ listing standards and other pertinent legal and regulatory standards. The charter of the Compensation Committee requires that members of the Committee also qualify as outside directors within the meaning of Section 162(m) of the Internal Revenue Code and as non-employee directors within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934, as amended. The Committee annually reviews and evaluates the Company's compensation policies and establishes salaries, bonuses and other compensation for the Company's executive officers and directors. Mr. Drimal and Ms. Cummings participate in discussions with the Compensation Committee and make recommendations to the Committee with respect to the compensation of executive officers and directors. Neither Mr. Drimal nor Ms. Cummings participates in the deliberations or approval of the Committee concerning their respective compensation. Although the Compensation Committee has the authority, it has not engaged any outside compensation consultants to assist the Committee in determining the compensation policies of the Company, and no such outside consultants have been engaged by the Company or the Board of Directors. The Compensation Committee charter was amended by the Board of Directors in May 2013. The purpose of the amendments was to change the number of directors on the Committee to two, to clarify if the Committee retains the services of an outside consultant for guidance, it is permitted to do so at the Company's expense, and to reflect that the Chief Executive Officer and senior executives of the Company are not to be present during the Committee's deliberations or voting on their compensation. A copy of the Compensation Committee charter, as amended, was attached as Exhibit B to the Company's 2014 proxy statement.

## **The Board as Nominating Committee**

The Company does not have a standing nominating committee. The Board of Directors acts as the nominating committee, with Mr. Drimal and Ms. Cummings abstaining. The majority of the Directors of the Company, Messrs. Fong, Gimbel, Smeets and Wehrle, who function as a nominating committee, are believed to satisfy applicable regulatory requirements for independence. Those Directors are responsible for collecting and analyzing information with regard to directors' independence as defined by NASDAQ listing standards and other pertinent legal and/or regulatory standards in effect at the time. They are also responsible for making recommendations concerning committee membership and ensuring that committee members satisfy the criteria for membership on a particular committee for independence and have the skills to effectively participate on a particular committee. The Directors who function as the nominating committee are also responsible for identifying and evaluating prospective nominees for vacancies on the Board of Directors. The Board of Directors will consider meritorious director candidates submitted to it by members of the Board and by stockholders of the Company, without regard to race, religion, gender, national origin or disability. The Board does not have a formal policy with regard to considering diversity in its consideration of director nominations. Candidates for election must be willing to devote the time necessary to serve as a director and must possess the level of education, experience, and expertise, both with respect to financial matters and the oil and gas industry in general, required to perform the duties of a member of the board of directors of a public company, and in particular of the Company. The Board of Directors strive to recommend candidates that further its objective of having a board that encompasses a broad range of talents and expertise and reflects a diversity of background, experience and viewpoints. The procedure to be followed by a stockholder to submit a nominee to the Committee is set forth in "Stockholder Proposals and Nominations" in this proxy statement.



## **Table of Contents**

The Board of Directors believes that this procedure is adequate in the process of selecting persons for election as Directors of the Company. All of the Directors of the Company currently serving as Directors are designated as nominees for re-election at the 2016 Annual Meeting of Stockholders. There were no nominations proposed by any stockholder or group.

## **EXECUTIVE AND DIRECTOR COMPENSATION**

### Compensation Overview

The Company has been guided by its Chief Executive Officer, Charles E. Drimal, Jr., and Chief Financial Officer, Beverly A. Cummings since 1987. The Board of Directors attributes much of the success of the Company to Mr. Drimal's and Ms. Cummings' leadership, skills and dedication to the Company and its stockholders. In order to retain such highly skilled and experienced professionals for its senior management team, the Board of Directors must offer highly competitive compensation packages. At the same time, the Board of Directors is mindful that the primary goal of the Company is to build long-term stockholder value. Therefore, the alignment of the executive officers' compensation with the Company's performance results is a critical component of the analysis made by the Compensation Committee in determining the executive officers' compensation each year.

The Board of Directors believe that the Compensation Committee's approach in determining the compensation paid to the executive officers has been endorsed by the stockholders, who in 2013 overwhelmingly supported the say on pay resolution to approve the executive compensation disclosed in that year's proxy statement and voted for the frequency of their advisory vote to be held once every three years thereafter. In light of that endorsement, the Compensation Committee has adhered to that same approach in the years following that stockholders' vote, including the current year.

There are three elements of the compensation paid to the executive officers, to wit: (i) base salary; (ii) bonus (cash incentive) compensation, and (iii) equity awards. The base salaries that were provided to the executive officers were based upon a number of considerations including each executive officer's level of responsibility, changes in their responsibilities from year to year, experience, skills and leadership ability. The Compensation Committee reviewed the base salary paid in the most recent years and the percentage change in salary from year to year. The Compensation Committee used judgment and discretion rather than relying on any specific formula for results. The Compensation Committee weighed the difficult tasks undertaken by the executive officers in guiding the Company through a period of historic and challenging industry-wide economic downturn. Additionally, the Compensation Committee gave consideration to its decision not to award any bonus compensation to the executive officers in 2015, as discussed below. After reviewing all of those considerations, the Compensation Committee recommended that each of the executive officers be given the same percentage increase in their salaries. The base salary paid to each executive officer in 2015 is set forth in the Salary column of the Summary Compensation Table set forth in this proxy statement.

The cash incentive bonus compensation awarded to each executive officer is intended to correlate to the Company's performance. In 2015, the executive officers advised the Compensation Committee that in light of the dramatically lower commodity price environment and the resultant reduction in the Company's cash flow and earnings, they had determined that no employees of the Company would be awarded bonus compensation for the year. They urged the Compensation Committee to apply the same performance metrics and analysis in its deliberations and come to a similar conclusion regarding the bonus compensation to be awarded to the executive officers. As a result, the Compensation Committee recommended that there be no incentive bonus compensation awarded to the executive officers in 2015. Therefore, the cash bonus paid to each executive officer in 2015 is reflected as \$0 in the Bonus column of the Summary Compensation Table set forth in this proxy statement.





**Table of Contents**

The Company awarded options to purchase shares of the Company's common stock to the executive officers in May 1989. The objective of the award was to retain high level officers and to motivate them to continue their relationship with the Company and thereby align their interests with the long term interests of its stockholders. The options that were awarded have been fully exercisable by the executive officers since May 1994. The Compensation Committee believes the options awarded to the executive officers represent a significant stake in the Company and determined not to award any more options or other types of equity compensation to the executive officers in 2015.

At the Annual Meeting held in 2013, the stockholders voted to hold an advisory, non-binding vote to approve executive compensation once every 3 years. Proposal No. 2 set forth in this proxy statement asks stockholders to approve, in a non-binding advisory vote, the compensation paid to the executive officers in 2015.

**SUMMARY COMPENSATION TABLE**

The following table discloses compensation for the fiscal years ended December 31, 2015 and 2014, received by the Company's Principal Executive Officer and Principal Financial Officer (1) (2).

Name and Principal Position(2)	Year	Annual Compensation			Total(\$)
		Salary(\$)	Bonus(\$)	Compensation(\$)	
Charles E. Drimal, Jr. Chairman, Chief Executive Officer and President; Principal Executive Officer	2015	500,000	0	75,175 (3)	575,175
	2014	475,000	2,500,000	67,359 (4)	3,042,359
Beverly A. Cummings Executive Vice President, Treasurer and Director; Principal Financial Officer	2015	500,000	0	46,172 (5)	546,172
	2014	475,000	1,000,000	42,808 (6)	1,517,808

- (1) Columns for Stock Awards, Option Awards, Non-Equity Incentive Plan Compensation and Nonqualified Deferred Compensation Earnings are omitted as the Company has no such compensation awards or plans.
- (2) Mr. Drimal and Ms. Cummings hold similar positions with the Company's subsidiaries and also serve as directors of each of the subsidiaries.
- (3) Includes \$4,000 Director's fees; \$10,600 as the Company's contribution to its 401(k) plan; club dues, \$31,987; automobile allowance \$9,322; long term disability insurance premium \$10,727; and life insurance premiums \$8,539.
- (4) Includes \$6,000 Director's fees; \$10,400 as the Company's contribution to its 401(k) plan; club dues \$22,315; automobile allowance \$10,129; long term disability insurance premium \$10,181; and life insurance premiums \$8,334.
- (5) Includes \$4,000 Director's fees; \$10,600 as the Company's contribution to its 401(k) plan; club dues \$12,406; automobile allowance \$9,621; long term disability insurance premium \$6,666; and life insurance premiums \$2,879.
- (6) Includes \$6,000 Director's fees; \$10,400 as the Company's contribution to its 401(k) plan; club dues \$12,490; automobile allowance \$4,387; long term disability insurance premium \$6,759; and life insurance premiums \$2,772.

**Table of Contents****OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END**

There were no stock options granted by the Company to the named executive officers during the fiscal year ended December 31, 2015, no options were exercised by any of such persons and there were no stock awards to such persons. The following table sets forth information with respect to all unexercised options held by the named executive officers of the Company at December 31, 2015. All unexercised options are fully exercisable. There are no options which are not fully exercisable, nor are there any unearned options, stock awards or equity incentive plan awards.

**Unexercised Options**

<b>Name</b>	<b>Number of</b>	<b>Option</b>	<b>Option</b>
	<b>Unexercised Options at</b>	<b>Exercise Price</b>	<b>Expiration</b>
	<b>Fiscal Year-End(1)</b>		<b>Date</b>
	<b>All Exercisable</b>		
Charles E. Drimal, Jr.	523,125	\$1.00	Non-expiring
	174,375	\$1.25	Non-expiring
Beverly A. Cummings	52,500	\$1.00	Non-expiring
	17,500	\$1.25	Non-expiring

(1) All options described in this table vested in May 1994.

**Director Compensation**

The Company's Directors each receive \$2,000 for each Board of Directors meeting, but do not receive any fee for attending Committee meetings. The Directors are reimbursed for travel and related expenses in connection with attendance at Board and Committee meetings. All Directors as a group of seven received an aggregate of \$28,000 as Directors' fees for the fiscal year ended December 31, 2015. The Directors do not receive any compensation in the form of Common Stock or option awards of Common Stock, nor do they participate in any Non-Equity Incentive Compensation or Non-Qualified Deferred Compensation plans.

**ADVISORY NON-BINDING VOTE ON EXECUTIVE COMPENSATION****(Proposal No. 2)**

The Board of Directors believes that the Company's compensation policies and structure are centered on a pay for performance culture and are strongly aligned with the long-term interests of stockholders.

The Board of Directors is asking stockholders to vote in an advisory, non-binding manner on the compensation paid to our Principal Executive Officer and Principal Financial Officer as disclosed in this proxy statement pursuant to Item 402 of Regulation S-K (including the compensation tables and accompanying narrative discussion). Item 402 of

Regulation S-K is the Securities and Exchange Commission regulation that sets forth what companies must include in their proxy statement as to compensation.

This proposal, commonly known as a "Say on Pay" proposal, gives you as a stockholder the opportunity to vote on the Company's executive compensation program. Pursuant to section 14A of the Securities and Exchange Act of 1934, the Board of Directors is requesting stockholders to cast a non-binding, advisory vote on the following resolution:

**RESOLVED, that the compensation paid to the Company's Principal Executive Officer and Principal Financial Officer, as disclosed pursuant to Item 402 of Regulation S-K, in the compensation tables and narrative discussion herein is hereby APPROVED.**

**Table of Contents**

Since your vote is advisory, it will not be binding upon the Board of Directors. However, the Compensation Committee will take into account the outcome of the vote when considering future executive compensation arrangements.

**The Board of Directors recommends a vote FOR this Resolution.**

**(Proposal No. 2)**

**AUDIT COMMITTEE REPORT**

The Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the financial statements and the reporting process including the systems of internal controls. In fulfilling its oversight responsibilities, the Audit Committee reviewed the audited financial statements in the Annual Report with management including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements.

The Audit Committee reviewed with the independent auditors, who are responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles, their judgments as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the Audit Committee under generally accepted auditing standards. These include, but are not limited to, those matters under Statements on Auditing Standards No. 61, as amended and adopted by the Public Company Accounting Oversight Board. In addition, the Audit Committee has discussed with the independent auditors the auditors' independence from management and the Company including the matters in the written disclosures required by the Public Company Accounting Oversight Board. The Company's auditors do not perform financial information system design and implementation services, internal audit or tax services.

The Audit Committee discussed with the Company's independent auditors the overall scope and plans for their audits. The Audit Committee meets with the independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls, and the overall quality of the Company's financial reporting.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors (and the Board has approved) that the audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2015, for filing with the Securities and Exchange Commission.

Audit Committee

Jan K. Smeets, Chairman

Thomas S. T. Gimbel

Ebersole Gaines Wehrle

This report of the Audit Committee shall not be deemed incorporated by reference by any general statement incorporating by reference this proxy statement into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that the Company specifically incorporates this information by reference, and shall not otherwise be deemed filed under such Acts.



**Table of Contents**

**CODE OF BUSINESS CONDUCT AND ETHICS**

The Company is committed to observing sound, ethical principles in the conduct of its business and operations and by our officers and employees in the course of their duties. The Code of Business Conduct and Ethics adopted by the Company was amended in December, 2011. The Code, as amended, is available at the Company's website at [www.primeenergy.com](http://www.primeenergy.com). The Code of Conduct is applicable to the Company's operations and to all of its employees, including the Company's principal executive officer, principal financial officer and Directors. Any amendments to or waivers of the Code, to the extent applicable to the Company's principal executive officers, will be posted on the Company's website.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Securities Exchange Act of 1934, as amended requires the Company's executive officers and Directors, and persons who own more than ten percent of a registered class of the Company's equity securities (collectively, Reporting Persons), to file reports of ownership and changes in ownership of such securities with the Securities and Exchange Commission and to furnish the Company with copies of such reports. To the Company's knowledge, based solely on review of the copies of such reports furnished to the Company with respect to the fiscal year ended December 31, 2015, no Reporting Persons failed to file reports on a timely basis during the most recent fiscal year.

**INDEPENDENT PUBLIC ACCOUNTANTS - FEES AND SERVICES**

The Company engaged Grassi & Co., CPA, P.C. (Grassi & Co.) as the principal accountants for the Company with respect to the audit of the Company's financial statements for the years ended December 31, 2015 and 2014. There were no disagreements with Grassi & Co on any matters of accounting principles or practices, financial statement disclosure or auditing scope or procedures in connection with their audits. Representatives of Grassi & Co are not expected to be present at the 2016 Annual Meeting of Stockholders, but will be available by speaker telephone during the meeting and will have the opportunity to make a statement if they desire to do so, and will be available to answer stockholders' questions.

The audit fees for professional audit services provided by Grassi & Co, for the audit of the Company's annual financial statements for each of the years ended December 31, 2015 and December 31, 2014, were \$279,000 and \$269,300, respectively. No fees were billed or paid by the Company for internal audit, tax or other services for the years ended December 31, 2015 or 2014.

**STOCKHOLDERS' PROPOSALS AND NOMINATIONS**

Pursuant to Rule 14a-8 under the Securities Exchange Act of 1934, as amended, stockholders may present proper proposals for inclusion in the Company's proxy statement and form of proxy and for consideration at its annual meeting of stockholders by submitting their proposals to the Company in a timely manner. In order to be so included for the 2017 Annual Meeting, stockholder proposals must be received by the Company at its principal executive offices at 9821 Katy Freeway, Houston, Texas 77024, no later than December 23, 2016, and must otherwise comply with the requirements of Rule 14a-8.

Stockholder proposals to be brought before the 2017 Annual Meeting, made outside the Rule 14a-8 processes, must be submitted to the Company pursuant to Rule 14a-8, no later than March 13, 2017, or will be considered untimely and entitle the Company to discretionary voting under Rule 14a-4.





**Table of Contents**

If a stockholder desires to recommend an individual as a nominee for director to the Board of Directors, the stockholder shall mail the recommendation to the Secretary of the Board of Directors. The recommendation must include the name, address (business and personal) and the occupation of the nominee. The recommendation must also include such other information regarding the nominee as may reasonably be required by the Company.

**COMMUNICATIONS WITH THE BOARD OF DIRECTORS**

Stockholders may communicate with the members of the Board of Directors by mailing their communications to the Company, at PrimeEnergy Corporation, 9821 Katy Freeway, Houston, Texas 77024. All communications addressed to the attention of a particular director shall be forwarded to the director.

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

The Annual Report of the Company for its fiscal year ended December 31, 2015, accompanies this proxy statement. The audited financial statements of the Company are included in such Annual Report.

It is important that proxies be returned promptly. Stockholders are requested to date, sign and return the enclosed proxy in the enclosed envelope, to which no postage need be affixed if mailed in the United States. If you attend the 2016 Annual Meeting, you may revoke your proxy and vote in person if you so desire, otherwise your proxy will be voted for you.

BY ORDER OF THE BOARD OF DIRECTORS

/s/ PATRICIA C. DELANEY  
PATRICIA C. DELANEY  
Secretary

Houston, Texas

April 22, 2016

**Table of Contents**

**PrimeEnergy Corporation**

Using a **black ink** pen, mark your votes with an **X** as shown in this example. Please do not write outside the designated areas.

**X**

**Annual Meeting Proxy Card**

q PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q

1. Election of Directors

Nominees:	For	Withhold	For	Withhold	For	Withhold		
01 - Beverly A. Cummings	..	..	02 - Charles E. Drimal, Jr.	..	..	03 - H. Gifford Fong	..	..
04 - Thomas S. T. Gimbel	..	..	05 - Clint Hurt	..	..	06 - Jan K. Smeets	..	..
07 - Ebersole Galnes Wohrle	..	..						

**The Board recommends a vote FOR all Nominees.**

**For    Against    Abstain**

2. An advisory (non-binding) vote to approve our executive compensation as described in this proxy statement.

..    ..    ..

**The Board recommends a vote FOR approval.**

In their discretion, the proxies appointed herein are authorized to vote upon any other business as may properly come before the meeting or any adjournments thereof.

Edgar Filing: PRIMEENERGY CORP - Form DEF 14A

**Non-Voting Items**

**Change of Address** Please print new address below.

**Meeting Attendance**  
Mark box to the right if ..  
you plan to attend the  
Annual Meeting.

**Authorized Signatures** This section must be completed for your vote to be counted. **Date and Sign Below**

Please sign exactly as name(s) appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, corporate officer, trustee, guardian, or custodian, please give full title.

Date (mm/dd/yyyy) Please print date below.

/ /

Signature 1 Please keep signature within the box.

Signature 2 Please keep signature within the box.

---

**Table of Contents**

q PLEASE FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE. q

-----

**Proxy PrimeEnergy Corporation**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned shareholder of PrimeEnergy Corporation (the Company), revoking all prior proxies, does by these presents name, constitute and appoint Charles E. Drimal, Jr. and Patricia C. Delaney, and each of them, the true and lawful proxy and attorney-in-fact of the undersigned, with full power of substitution, to vote all shares of the Common Stock, par value \$.10 per share, of the Company standing in the name of the undersigned on the books of the Company at the close of business on April 5, 2016, or in respect of which the undersigned is entitled to vote at the Company's Annual Meeting of Stockholders to be held on Tuesday, May 10, 2016, at 9:00 a.m., EDT, at the offices of the Company, One Landmark Square, 11th Floor, Stamford, CT 06901, and at any and all adjournments of said meeting, hereby granting to said proxies and attorneys-in-fact, and each of them, full power and authority to vote in the name of the undersigned at said meeting, and at any and all adjournments thereof, on the matters set forth on reverse side.

**PLEASE SIGN ON REVERSE SIDE AND RETURN PROMPTLY.**

*(Continued and to be signed and dated on reverse side.)*