

ARENA RESOURCES INC  
Form DEFM14A  
May 07, 2010  
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**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 (Amendment No. )**

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

**Arena Resources, Inc.**

(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):

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x No fee required.

.. Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which the transaction applies:

(2) Aggregate number of securities to which the transaction applies:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT**

SandRidge Energy, Inc., referred to as SandRidge, its wholly owned subsidiary, Steel Subsidiary Corporation, referred to as Merger Sub, and Arena Resources, Inc., referred to as Arena, have entered into an Agreement and Plan of Merger, dated as of April 3, 2010, referred to as the merger agreement. Under the merger agreement, SandRidge will acquire Arena through a merger of Merger Sub with and into Arena (or, in certain circumstances, through a merger of Arena with and into Merger Sub), referred to as the merger. Following the merger, Arena will be the surviving entity and will continue as a wholly owned subsidiary of SandRidge, except that in certain circumstances, Merger Sub will be the surviving entity (see The Merger General below). The merger agreement is attached as Annex A to this joint proxy statement/prospectus and is incorporated into this joint proxy statement/prospectus by reference.

This joint proxy statement/prospectus describes the merger agreement, the merger and the transactions related to the merger in detail and provides information concerning the special meeting of SandRidge stockholders and the special meeting of Arena stockholders. Before we can complete the merger, we must obtain the approval of our companies' common stockholders. We are sending to you this joint proxy statement/prospectus to ask holders of SandRidge common stock to vote in favor of approving the issuance of shares of SandRidge common stock in connection with the merger and amending the certificate of incorporation to increase the number of authorized shares of SandRidge common stock, and holders of Arena common stock to vote in favor of approving the merger agreement.

At the effective time of the merger, each issued and outstanding share of common stock of Arena will be cancelled and converted into the right to receive 4.7771 shares of SandRidge common stock, plus \$2.50 in cash, subject to adjustment as described under The Merger Merger Consideration in this joint proxy statement/prospectus.

The board of directors of SandRidge unanimously: (i) has determined that the merger agreement and the transactions contemplated thereby, including the merger, are fair to, and in the best interests of, SandRidge and its stockholders; (ii) has approved and adopted the merger agreement and approved the merger and the other transactions contemplated thereby; (iii) has approved the amendment to the certificate of incorporation to increase the number of authorized shares of SandRidge common stock; and (iv) recommends that the stockholders of SandRidge vote FOR the approval of the issuance of shares of SandRidge common stock in connection with the merger and FOR amending the certificate of incorporation to increase the number of authorized shares of SandRidge common stock. The issuance of shares of SandRidge common stock in the merger requires the affirmative vote of a majority of the votes cast in person or by proxy and entitled to vote at the SandRidge special meeting. The amendment to the certificate of incorporation requires the affirmative vote of a majority of the outstanding shares of SandRidge common stock.

The board of directors of Arena unanimously: (i) has determined that the merger agreement, the merger, in accordance with the terms of the merger agreement, and the other transactions contemplated thereby are advisable and in the best interests of Arena and its stockholders; (ii) has approved and adopted the merger agreement and approved the merger and the other transactions contemplated thereby; (iii) has directed that the merger agreement be submitted to a vote of the Arena stockholders at the Arena special meeting; and (iv) recommends that the stockholders of Arena vote FOR approval of the merger agreement. The approval of the merger agreement requires the affirmative vote of the holders of at least a majority of the shares of Arena common stock issued and outstanding and entitled to vote at the Arena special meeting.

SandRidge stockholders will vote at the SandRidge special meeting at the SandRidge Auditorium, 123 Robert S. Kerr Avenue, Oklahoma City, Oklahoma at 10:00 a.m. local time on June 8, 2010. Arena stockholders will vote at the Arena special meeting at the Doubletree Hotel, Warren Place, 6110 South Yale, Tulsa, Oklahoma at 9:00 a.m. local time on June 8, 2010.

SandRidge common stock is listed for trading on the New York Stock Exchange under the symbol SD. Arena common stock is listed for trading on the New York Stock Exchange under the symbol ARD.

**Before casting your vote, please take the time to review carefully this joint proxy statement/prospectus, including the section entitled Risk Factors beginning on page 27.**

Your vote is very important regardless of the number of shares you hold. We enthusiastically support this combination of our companies and join with our boards of directors in recommending that you vote FOR the approval of the issuance of shares of SandRidge common stock in connection with the merger, in the case of SandRidge stockholders, and FOR the approval of the merger agreement, in the case of Arena stockholders.

Sincerely,

Tom L. Ward

Phillip W. Terry

Chairman, Chief Executive Officer and President

President and Chief Executive Officer

SandRidge Energy, Inc.

Arena Resources, Inc.

**NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THE COMMON STOCK TO BE ISSUED IN THE MERGER OR PASSED UPON THE ACCURACY OR ADEQUACY OF THE DISCLOSURES IN THIS JOINT PROXY STATEMENT/PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

**This joint proxy statement/prospectus is dated May 5, 2010 and is first being mailed to SandRidge stockholders on or about May 7, 2010 and to Arena stockholders on or about May 7, 2010.**

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**SandRidge Energy, Inc.**

**123 Robert S. Kerr Avenue**

**Oklahoma City, Oklahoma 73102**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON JUNE 8, 2010**

To the stockholders of SandRidge Energy, Inc.:

NOTICE IS HEREBY GIVEN that a special meeting of holders of common stock of SandRidge Energy, Inc., a Delaware corporation, referred to as SandRidge, will be held at the SandRidge Auditorium, 123 Robert S. Kerr Avenue, Oklahoma City, Oklahoma on June 8, 2010 at 10:00 a.m. local time, for the following purposes:

- (1) to consider and vote on a proposal to approve the issuance of shares of SandRidge common stock in connection with the merger of Steel Subsidiary Corporation, referred to as Merger Sub, a wholly owned subsidiary of SandRidge, with and into Arena Resources, Inc., a Nevada corporation, referred to as Arena (or, in certain circumstances, the merger of Arena with and into Merger Sub);
- (2) to vote on a proposal to amend the certificate of incorporation of SandRidge to increase the number of authorized shares of SandRidge capital stock from 450,000,000 to 850,000,000 and the authorized shares of SandRidge common stock from 400,000,000 to 800,000,000; and
- (3) to transact such other business as may properly come before the special meeting or any adjournments or postponements thereof.

A copy of the merger agreement relating to the proposed merger is attached as Annex A to the joint proxy statement/prospectus accompanying this notice.

SandRidge has fixed the close of business on May 5, 2010, as the record date for the determination of stockholders entitled to receive notice of and to vote at the special meeting or any adjournment or postponement thereof. A list of the stockholders entitled to vote will be open for examination by stockholders at SandRidge Energy, Inc., 123 Robert S. Kerr Avenue, Oklahoma City, Oklahoma 73102, during ordinary business hours during the ten-day period prior to the special meeting, and will also be available at the special meeting.

**The board of directors of SandRidge unanimously:**

**(i) has determined that the merger agreement and the transactions contemplated thereby, including the merger, are fair to, and in the best interests of, SandRidge and its stockholders;**

**(ii) has approved and adopted the merger agreement and approved the merger and the other transactions contemplated thereby;**

**(iii) has approved the amendment to the certificate of incorporation to increase the number of authorized shares of SandRidge common stock; and**

**(iv) recommends that the stockholders of SandRidge vote FOR approval of the issuance of shares of SandRidge common stock in connection with the merger and FOR the amendment to the certificate of incorporation to increase the number of authorized shares of**

**SandRidge common stock.**

We cordially invite you to attend the special meeting in person. However, to ensure your representation at the special meeting, we encourage you to mark, sign, date and return the enclosed proxy card as promptly as possible in the enclosed postage-prepaid envelope. You may also vote by telephone or on the Internet using the instructions on the proxy card. Your telephone/Internet vote authorizes the named proxies to vote your shares in the same manner as if you had marked, signed and returned your proxy card. If your shares are held in street name by a broker or other record holder, only that holder can vote your shares and the vote cannot be cast unless you provide instructions to your broker. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. If you attend the special meeting you may vote in person even if you have returned a proxy card, or voted by telephone or on the Internet.

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**IMPORTANT: WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, WE ASK YOU TO COMPLETE AND PROMPTLY RETURN THE ENCLOSED PROXY CARD IN THE ENVELOPE PROVIDED OR TO VOTE BY TELEPHONE OR ON THE INTERNET USING THE INSTRUCTIONS SHOWN ON THE PROXY CARD.**

By order of the Board of Directors

Richard J. Gognat

*Corporate Secretary*

May 5, 2010



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**Arena Resources, Inc.**  
**6555 South Lewis Avenue**  
**Tulsa, Oklahoma 74136**

**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON JUNE 8, 2010**

To the stockholders of Arena Resources, Inc.:

NOTICE IS HEREBY GIVEN that a special meeting of holders of common stock of Arena Resources, Inc., a Nevada corporation, referred to as Arena, will be held at the Doubletree Hotel, Warren Place, 6110 South Yale, Tulsa, Oklahoma, on June 8, 2010 at 9:00 a.m. local time, for the following purposes:

- (1) to consider and vote on a proposal to approve the Agreement and Plan of Merger, dated as of April 3, 2010, by and among Arena, SandRidge Energy, Inc., a Delaware corporation, referred to as SandRidge, and Steel Subsidiary Corporation, referred to as Merger Sub, a wholly owned subsidiary of SandRidge, pursuant to which Merger Sub will merge with and into Arena (or, in certain circumstances, pursuant to which Arena will merge with and into Merger Sub); and
- (2) to transact such other business as may properly come before the special meeting or any adjournments or postponements thereof.

A copy of the merger agreement is attached as Annex A to the joint proxy statement/prospectus accompanying this notice.

Arena has fixed the close of business on May 5, 2010, as the record date for the determination of stockholders entitled to receive notice of and to vote at the special meeting or any adjournment or postponement thereof. A list of the stockholders entitled to vote will be open for examination by stockholders at Arena Resources, Inc., 6555 South Lewis Avenue, Tulsa, Oklahoma 74136, during ordinary business hours during the ten-day period prior to the special meeting, and will also be available at the special meeting.

**The board of directors of Arena unanimously:**

- (i) has determined that the merger agreement, the merger, in accordance with the terms of the merger agreement, and the other transactions contemplated thereby are advisable and in the best interests of Arena and its stockholders;**
- (ii) has approved and adopted the merger agreement and approved the merger and the other transactions contemplated thereby;**
- (iii) has directed that the merger agreement be submitted to a vote of the Arena stockholders at the special meeting; and**
- (iv) recommends that the stockholders of Arena vote FOR approval of the merger agreement.**

We cordially invite you to attend the special meeting in person. However, to ensure your representation at the special meeting, we encourage you to mark, sign, date and return the enclosed proxy card as promptly as possible in the enclosed postage-prepaid envelope. You may also vote by telephone or on the Internet. Your telephone/Internet vote authorizes the named proxies to vote your shares in the same manner as if you had marked, signed and returned your proxy card. If your shares are held in street name by a broker or other record holder, only that holder can vote

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your shares and the vote cannot be cast unless you provide instructions to your broker. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. If you attend the special meeting you may vote in person even if you have returned a proxy card, or voted by telephone or on the Internet using the instructions on the proxy card.

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**IMPORTANT: WHETHER OR NOT YOU PLAN TO ATTEND THE SPECIAL MEETING, WE ASK YOU TO COMPLETE AND PROMPTLY RETURN THE ENCLOSED PROXY CARD IN THE ENVELOPE PROVIDED OR TO VOTE BY TELEPHONE OR ON THE INTERNET USING THE INSTRUCTIONS ON THE PROXY CARD.**

By order of the Board of Directors

William R. Broaddrick

*Secretary*

May 5, 2010

**Please do not send your common stock certificates at this time. If the merger is consummated, you will be sent instructions regarding the surrender of your certificates.**

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**ADDITIONAL INFORMATION**

This joint proxy statement/prospectus incorporates by reference important business and financial information about SandRidge and Arena that is not included in or delivered with this document. Such information is included in SandRidge's and Arena's documents filed with the Securities and Exchange Commission, which are available without charge from the Securities and Exchange Commission's website at [www.sec.gov](http://www.sec.gov). See "Where You Can Find More Information" beginning on page 127.

Copies of the documents relating to SandRidge may also be obtained without charge from SandRidge on the Internet at [www.sandridgeenergy.com](http://www.sandridgeenergy.com), under the "Investor Relations" section, or may be requested via mail at SandRidge Energy, Inc., 123 Robert S. Kerr Avenue, Oklahoma City, Oklahoma 73102, Attention: Corporate Secretary or via telephone at (405) 429-5500.

Copies of the documents relating to Arena may be obtained without charge on the Internet at [www.arenaresourcesinc.com](http://www.arenaresourcesinc.com), under the "Investor Relations" section, or may be requested via mail at Arena Resources, Inc., 6555 South Lewis Avenue, Tulsa, Oklahoma 74136, Attention: Secretary or via telephone at (918) 747-6060.

**If you wish to obtain any of these documents from SandRidge or Arena, you should, to ensure timely delivery, make your request no later than June 1, 2010.**

All information in this document concerning SandRidge has been furnished by SandRidge. All information in this document concerning Arena has been furnished by Arena. SandRidge has represented to Arena, and Arena has represented to SandRidge, that the information furnished by and concerning it is true and complete.

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**QUESTIONS AND ANSWERS ABOUT THE MERGER**

**General**

**Q: Why is the merger being proposed?**

**A:** The merger is being proposed because it will position the combined company as one of the largest producers of West Texas conventional oil and gas. The oil opportunities will come primarily from drilling and development of shallow, low risk reservoirs located on the Central Basin Platform, referred to as the CBP, a part of the Permian Basin in West Texas. The combined company will have over 200,000 net acres in the Permian Basin and 5,700 identified locations to drill primarily in the shallow San Andres and the Clear Fork formations.

**Q: What will happen if the merger is completed?**

**A:** It is contemplated that SandRidge will acquire Arena through the merger of Merger Sub, a Nevada corporation and a direct wholly owned subsidiary of SandRidge, with and into Arena, with Arena remaining as the surviving entity after the merger. In certain circumstances, however, Arena may be merged with and into Merger Sub, with Merger Sub remaining as the surviving entity after the merger. In either case, the surviving entity will be a wholly owned subsidiary of SandRidge.

**Q: When will the merger be completed?**

**A:** The merger will be completed when the conditions described below under "The Merger Agreement - Conditions to the Completion of the Merger" are satisfied (or, where permitted, waived). SandRidge and Arena believe that the merger can be completed during the second or third quarter of 2010. There can be no guarantee, however, as to when all conditions to the merger will be satisfied (or, where permitted, waived) and the completion of the merger will occur, if at all. See "Risk Factors - Risks Relating to the Merger" beginning on page 27.

**Q: What do I need to do now?**

**A:** After carefully reading and considering the information contained in this document, please fill out and sign your proxy card and vote by mail, or vote by telephone or on the Internet according to the instructions provided on the proxy card. Please mail your signed proxy card in the enclosed return envelope, or vote by phone or on the Internet, as soon as possible so that your shares may be represented at the applicable special meeting. Your proxy will instruct the persons named on the proxy card to vote your shares at the applicable special meeting as you direct on the card.

**Q: Can I change my vote after I have mailed my signed proxy?**

**A:** Yes. You may change your vote at any time before your proxy is voted at the applicable special meeting. You can do this in several ways. First, you can send a written notice stating that you would like to revoke your proxy. Second, you can complete and submit a new proxy card. Third, if you vote by telephone or on the Internet, you may change your vote by telephone or on the Internet by following the instructions given to you when you call or visit the Internet site. Fourth, you can attend the special meeting and vote in person. If you have instructed a broker to vote your shares, you must follow directions received from your broker to change your vote. Further information about these procedures is contained in "The SandRidge Special Meeting" beginning on page 45 and "The Arena Special Meeting" beginning on page 48.





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**Q: May I vote in person if my shares are held in street name ?**

**A:** Yes. Holding in street name means that a stockholder's shares are held in the name of a broker, bank or other record holder. SandRidge stockholders whose shares are held in street name can vote in person at the SandRidge special meeting. Arena stockholders whose shares are held in street name can vote in person at the Arena special meeting. To vote in person, stockholders must obtain a proxy from the broker, bank or other record holder of their shares.

**Q: If my shares are held in street name, will the broker, bank or other record holder of my shares vote the shares for me?**

**A:** The record holder of your shares will not vote your shares for or against approval of the merger agreement, the issuance of SandRidge common stock pursuant to the merger agreement or the amendment to the SandRidge certificate of incorporation unless you instruct them how to vote. You should follow the directions provided by your broker, bank or other record holder regarding how to instruct them to vote your shares. Without instructions, your shares will not be voted.

**Q: Do I have dissenters' rights of appraisal?**

**A:** No. Neither SandRidge stockholders nor Arena stockholders will have dissenters' rights of appraisal as a result of the merger.  
**For SandRidge Stockholders**

**Q: When and where is the special meeting of the SandRidge stockholders?**

**A:** The SandRidge special meeting will take place on June 8, 2010 at 10:00 a.m., local time. The location of the special meeting is the SandRidge Auditorium, 123 Robert S. Kerr Avenue, Oklahoma City, Oklahoma.

**Q: On what are SandRidge stockholders voting and why?**

**A:** SandRidge stockholders are voting on proposals to (i) approve the issuance of shares of SandRidge common stock to stockholders of Arena in connection with the merger, and (ii) amend the certificate of incorporation to increase the number of authorized shares of SandRidge common stock to 800,000,000. Approval of the issuance of shares is required under the rules of the New York Stock Exchange because the aggregate number of shares of SandRidge common stock to be issued to Arena stockholders in the merger will exceed 20% of the total number of shares of SandRidge common stock issued and outstanding immediately prior to the completion of the merger. Passage of the amendment to the certificate of incorporation is being sought because, after taking into account the shares of SandRidge common stock already issued and reserved for issuance, the 400,000,000 shares of SandRidge common stock currently authorized by the certificate of incorporation is not sufficient for SandRidge to consummate the merger and continue to run its business in the ordinary course after the merger. Approval of the amendment to the certificate of incorporation to increase the number of authorized shares of SandRidge common stock and approval of the issuance of SandRidge common stock in connection with the merger are conditions to the consummation of the merger.

**Q: How will SandRidge stockholders be affected by the merger and share issuance?**

**A:**

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After the merger, each SandRidge stockholder will have the same number of shares of SandRidge common stock that such stockholder held immediately prior to the merger. However, because SandRidge will be issuing new shares of SandRidge common stock to Arena stockholders in the merger, each outstanding share of SandRidge common stock immediately prior to the merger will represent a smaller percentage of the aggregate number of shares of SandRidge common stock outstanding after the merger. As a result of the merger, each SandRidge stockholder will own the same number of shares, but in a larger company with more assets.

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**Q: What vote of SandRidge stockholders is required to approve the share issuance?**

**A:** The issuance of shares of SandRidge common stock in connection with the merger requires the affirmative vote of a majority of the votes cast in person or by proxy and entitled to vote at the SandRidge special meeting.

**Q: What vote of SandRidge stockholders is required to approve the amendment to the certificate of incorporation?**

**A:** The amendment to the certificate of incorporation to increase the number of authorized shares of SandRidge common stock requires the affirmative vote of a majority of the outstanding shares of SandRidge common stock entitled to vote at the SandRidge special meeting.

**Q: What will happen if I abstain from voting?**

**A:** Neither an abstention nor a failure to vote will affect the outcome of the vote regarding the issuance of shares of SandRidge common stock in connection with the merger, since they will not be counted as votes either for or against the proposal. However, an abstention or failure to vote will be equivalent to a vote cast against the proposal to amend the certificate of incorporation.

**Q: Are there risks associated with the merger that I should consider in deciding how to vote?**

**A:** Yes. You should carefully read the detailed description of the risks associated with the merger and the combined company's operations following the merger in "Risk Factors" beginning on page 27.

**Q: Who should I contact if I have questions?**

**A:** If you have any questions about the merger agreement, the merger, the issuance of shares of SandRidge common stock in connection with the merger or the amendment to the certificate of incorporation, or if you need additional copies of this joint proxy statement/prospectus or the enclosed proxy card, you should contact SandRidge Energy, Inc., Attn: Corporate Secretary, 123 Robert S. Kerr Avenue, Oklahoma City, Oklahoma 73102.

**For Arena Stockholders**

**Q: When and where is the special meeting of the Arena stockholders?**

**A:** The Arena special meeting will take place on June 8, 2010, at 9:00 a.m. local time. The location of the special meeting is the Doubletree Hotel, Warren Place, 6110 South Yale, Tulsa, Oklahoma.

**Q: On what are the Arena stockholders voting and why?**

**A:** Arena stockholders are voting on a proposal to approve the merger agreement. The approval of the merger agreement by the Arena stockholders is a condition to the consummation of the merger.

**Q: What will Arena stockholders receive in the merger?**

**A:** At the effective time of the merger, each issued and outstanding share of common stock of Arena will be cancelled and converted into the right to receive 4.7771 shares of SandRidge common stock, plus \$2.50 in cash, subject to adjustment as described under The Merger Merger Consideration.

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**Q: How will SandRidge pay the cash component of the merger consideration?**

**A:** SandRidge's obligation to complete the merger is not conditioned upon its obtaining financing. SandRidge anticipates that approximately \$98.3 million will be required to pay the aggregate cash portion of the merger consideration to the Arena stockholders. SandRidge intends to fund the cash component of the transaction through draws under its revolving credit facility and/or, to the extent available, internal cash resources. For a more complete discussion of sources of funding for the merger and related costs, see "The Merger - Source of Funding for the Merger" beginning on page 79.

**Q: What will happen to options to purchase Arena common stock and shares of Arena restricted stock in the merger?**

**A:** SandRidge will not assume any outstanding options to purchase shares of Arena common stock in the merger. No later than 30 days prior to the scheduled or anticipated closing date of the merger, Arena will send a notice to all holders of options notifying them that (i) SandRidge will not assume any Arena options following the effective time of the merger or substitute new options therefore, and (ii) all unvested options will become vested and fully exercisable immediately prior to the effective time of the merger and contingent upon the consummation of the merger. Any options that are in-the-money as of the effective time of the merger and that are not exercised prior to the effective time of the merger will be deemed automatically exercised by the holder thereof, and the holder will be entitled to receive a number of shares of SandRidge common stock equal to the value (based on the merger consideration) of the net number of Arena shares resulting from the deemed exercise. Fractions resulting from such conversion will be rounded down. Any options that are not in-the-money as of the effective time of the merger will be canceled. Holders of options that become fully vested only as of and effective immediately prior to the effective time of the merger will be permitted to exercise such fully vested options effective as of and contingent upon the consummation of the merger. For a more complete discussion of the treatment of Arena stock options, see "Interests of Certain Persons in the Merger - Arena Stock Options and Restricted Stock."

Each award of restricted stock that is outstanding at the effective time of the merger will be (i) assumed by SandRidge, in accordance with the terms of the applicable Arena stock plan and award agreement by which it is evidenced, except as provided in the immediately succeeding sentence, and (ii) converted into an award of a number of shares of restricted SandRidge common stock equal to the product of (A) the number of shares of Arena common stock underlying such award multiplied by (B) the conversion ratio, which is the exchange ratio of 4.7771 plus a fraction equal to \$2.50 divided by the closing price of the SandRidge common stock on the closing date of the merger. Fractions resulting from such conversion will be rounded down. For any employee of Arena whose primary work location is at the Tulsa office, the vesting provisions of each such award of restricted SandRidge common stock will be modified, such that each such award will vest upon the earliest to occur of the following: (x) the vesting of such award pursuant to the terms of the applicable original award agreement, (y) the end of the transition period (as defined in the Severance Plan described in "Interests of Certain Persons in the Merger") with respect to the applicable employee and (z) the termination date (as defined in the Severance Plan) with respect to the applicable employee. With respect to any other employee of Arena, each such award of restricted SandRidge common stock will vest pursuant to the terms of the applicable original award agreement. For a more complete discussion of the treatment of Arena restricted stock, see "Interests of Certain Persons in the Merger - Arena Stock Options and Restricted Stock."

**Q: What are the tax consequences of the merger?**

**A:** SandRidge and Arena intend for the merger to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, referred to as the Code. As a result, Arena stockholders will recognize gain (but not loss) for U.S. federal income tax purposes in an amount not to exceed the cash received as part of the merger consideration (other than cash in lieu of fractional shares of SandRidge common stock). Arena stockholders will generally recognize gain or loss for U.S. federal

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income tax purposes with respect to cash received in lieu of a fractional share of SandRidge common stock. This treatment may not be available to certain non-U.S. holders of more than 5% of Arena's common stock. For a full description of the material tax consequences of the merger for Arena stockholders, see "The Merger - Material U.S. Federal Income Tax Consequences of the Merger" beginning on page 80.

**Q: What vote of Arena stockholders will be required to approve the merger agreement?**

**A:** The approval of the merger agreement requires the affirmative vote of the holders of at least a majority of shares of Arena common stock issued and outstanding and entitled to vote at the Arena special meeting.

**Q: What will happen if I abstain from voting on the merger agreement and the merger?**

**A:** An abstention or failure to vote shares of Arena common stock will have the same effect as a vote against the approval of the merger agreement.

**Q: Should I send in my stock certificates now?**

**A:** No. After the merger is completed, you will receive written instructions for exchanging your stock certificates. Please do not send in your stock certificates with your proxy.

**Q: Are there risks associated with the merger that I should consider in deciding how to vote?**

**A:** Yes. You should carefully read the detailed description of the risks associated with the merger and the combined company's operations following the merger in "Risk Factors" beginning on page 27.

**Q: Who should I contact if I have questions?**

**A:** If you have any questions about the merger agreement or the merger, or if you need additional copies of this joint proxy statement/prospectus or the enclosed proxy card, you should contact Arena Resources, Inc., Attn: Secretary, 6555 South Lewis Avenue, Tulsa, Oklahoma 74136, (918) 747-6060.

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**CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS**