

SANDRIDGE ENERGY INC

Form DEF 14A

April 22, 2009

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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**

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

SANDRIDGE ENERGY, 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):

- 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 transaction applies:

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(1) Amount Previously Paid:

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(3) Filing Party:

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To be held on June 5, 2009**

To the Stockholders of SandRidge Energy, Inc.:

The 2009 Annual Meeting of Stockholders (Annual Meeting) of SandRidge Energy, Inc., a Delaware corporation (the Company or SandRidge), will be held in the SandRidge Downtown Auditorium at our corporate offices located at 123 Robert S. Kerr Avenue, Oklahoma City, Oklahoma 73102, on June 5, 2009, at 10:00 a.m., central time. At the Annual Meeting, stockholders will be asked to:

- (1) Elect one Class III director to serve on our Board of Directors for a three-year term;
- (2) Ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2009;
- (3) Approve the adoption of the SandRidge Energy, Inc. 2009 Incentive Plan (the 2009 Incentive Plan), the terms of which provide that the maximum number of shares of common stock issuable under the 2009 Incentive Plan is 12,000,000 shares; and
- (4) Transact such other business as may properly come before the Annual Meeting or any adjournments thereof.

The meeting may be adjourned from time to time. At any reconvened meeting, action with respect to the matters specified in this notice may be taken without further notice to stockholders, unless required by applicable law or the Bylaws of the Company.

Stockholders of record of shares of our common stock at the close of business on April 8, 2009 are entitled to notice of, and to vote at, the Annual Meeting. A list of such stockholders will be available at the meeting and at the Company's corporate office, 123 Robert S. Kerr Avenue, Oklahoma City, Oklahoma 73102, for the ten days prior to the meeting.

All stockholders are cordially invited to attend the meeting in person. Your vote is very important. Therefore, whether or not you expect to attend the meeting, please vote as described on page 1 of the Proxy Statement. Voting in any of the ways described will not prevent you from attending the Annual Meeting.

Important Notice Regarding the Availability of Proxy Materials for the 2009 Annual Meeting of Stockholders to be held on June 5, 2009. Pursuant to rules promulgated by the Securities and Exchange Commission, we have elected to provide access to our proxy materials both by: (i) sending you this full set of proxy materials, including a proxy card and (ii) notifying you of the availability of our proxy materials on the Internet. This Proxy Statement and our Annual Report to Stockholders for the fiscal year ended December 31, 2008 are available at <https://www.proxyvote.com>. Directions for attending the Annual Meeting in person are available on our website at <http://www.sandridgeenergy.com> under Contact. In accordance with such rules, no cookies or other software that identifies visitors accessing these materials via the Internet are used.

By Order of the Board of Directors,

Richard J. Gognat,
Corporate Secretary

Oklahoma City, Oklahoma
April 22, 2009

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**SANDRIDGE ENERGY, INC.
123 Robert S. Kerr Avenue
Oklahoma City, Oklahoma 73102
(405) 429-5500**

PROXY STATEMENT

SOLICITATION AND REVOCABILITY OF PROXIES

The enclosed proxy is solicited by the Board of Directors of SandRidge Energy, Inc. for use at the Annual Meeting to be held in the SandRidge Downtown Auditorium at our corporate offices located at 123 Robert S. Kerr Avenue, Oklahoma City, Oklahoma 73102, on June 5, 2009, at 10:00 a.m., central time or at any adjournment thereof. In this Proxy Statement, unless the context requires otherwise, when we refer to we, us, our, SandRidge or the Company are describing SandRidge Energy, Inc., a Delaware corporation. We refer to holders of common stock as of the record date as stockholders. Proxies are solicited to give all stockholders of record an opportunity to vote on matters properly presented at the Annual Meeting.

We will pay the entire cost of the solicitation. In addition to solicitation by mail, proxies may be solicited in person, or by telephone, facsimile transmission or other means of electronic communication, by our directors, officers or other employees, but such persons will not receive any special compensation for such services. We will reimburse brokers, nominees, fiduciaries and other custodians for reasonable expenses incurred by them for sending proxy materials to beneficial owners of our common stock.

Our Annual Report to Stockholders for the year ended December 31, 2008, including audited financial statements, accompanies this Proxy Statement. The Annual Report to Stockholders is not incorporated by reference into this Proxy Statement or deemed to be a part of the materials used for the solicitation of proxies. This Proxy Statement along with the Annual Report to Stockholders are being mailed on or about April 22, 2009, to holders of common stock as of the record date.

ABOUT THE ANNUAL MEETING

What is the purpose of the meeting?

At our Annual Meeting, stockholders will be asked to act upon the matters outlined in the Notice of Annual Meeting of Stockholders provided with this Proxy Statement, including the election of one Class III director, ratification of PricewaterhouseCoopers LLP as our independent registered public accounting firm, approval of the adoption of the Company's 2009 Incentive Plan and any other matters properly presented at the meeting.

Who is entitled to vote at the meeting?

Only stockholders of record as of 5:00 p.m. central time on April 8, 2009 are entitled to receive notice of, and to vote at, the Annual Meeting. On April 8, 2009, there were 167,465,399 shares of our common stock issued, outstanding and entitled to vote at the meeting. Each outstanding share of common stock is entitled to one vote, except certain unvested shares of restricted stock issued to our directors and employees, which do not have voting rights.

How do I vote my shares?

The process for voting your shares depends on how your shares are held. Generally, you may hold shares in your name as a record holder or in street name through a nominee, such as a broker or bank. You can vote either in person

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at the Annual Meeting or by proxy whether or not you attend the Annual Meeting. To vote by proxy, you must either:

Sign and date the enclosed proxy card, and return it in the enclosed postage-paid envelope;

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Vote by telephone by placing a toll-free call from the U.S. or Canada to 1-800-690-6903 as described in the enclosed proxy card; or

Vote over the Internet at <https://www.proxyvote.com> as described in the enclosed proxy card.

Please note that telephone and Internet voting will close at 11:59 pm on June 4, 2009.

If you plan to attend the Annual Meeting and wish to vote in person, you will be given a ballot at the meeting. Please note that you may vote by proxy prior to June 5, 2009 and still attend the Annual Meeting. Even if you currently plan to attend the Annual Meeting in person, we recommend that you also submit your proxy as described above so that your vote will be counted if you later decide not to attend the meeting.

If your shares are held in the name of a broker, bank, or other nominee, you should receive separate instructions from the record holder of your shares describing how to vote. If your shares are held in the name of a broker, bank, or other nominee and you want to vote in person, you will need to obtain and bring with you to the Annual Meeting a legal proxy from the record holder of your shares as of the close of business on April 8, 2009 indicating that you were a beneficial owner of shares as of the close of business on such date and further indicating the number of shares of which you beneficially owned at that time.

What is a quorum?

A quorum is the presence at the meeting, in person or by proxy, of the holders of a majority of the outstanding shares of our common stock as of the record date. There must be a quorum for the meeting to be held. If you submit a valid proxy card, vote by Internet or phone, or attend the meeting and vote in person, your shares will be counted as present to determine whether there is a quorum. Abstentions and broker non-votes will be counted toward the quorum.

How are my votes counted?

In all proposals other than the election of a director, you may vote **FOR**, **AGAINST** or **ABSTAIN**. In the election of a director, you may either vote **FOR** a nominee or **WITHHOLD** your vote from the nominee. Abstentions occur when stockholders are present at the Annual Meeting but choose to withhold their vote for any of the matters upon which the stockholders are voting. If you **ABSTAIN** on any of the proposals, your vote will be counted for purposes of establishing a quorum, and with the exception of the election of a director, the abstention will have the same effect as a vote **AGAINST** that proposal.

What are broker non-votes?

A broker non-vote occurs when the broker is unable to vote on a proposal because the proposal is not routine and the beneficial owner has not provided any instructions on that matter. New York Stock Exchange (**NYSE**) rules determine whether proposals are routine or not routine. If a proposal is routine, a broker holding shares for an owner in street name may vote for the proposal without voting instructions. If a proposal is not routine, the broker may vote on the proposal only if the owner has provided voting instructions. If a broker does not receive instructions for a non-routine proposal, the broker will return a proxy card with no vote on that proposal, which is usually referred to as a **broker non-vote**. The election of a director and the ratification of PricewaterhouseCoopers LLP's appointment are routine items. The approval of the adoption of the 2009 Incentive Plan is not considered routine. Broker non-votes for that matter, if any, will be counted for purposes of establishing a quorum, but will not be counted as having been entitled to vote or as a vote cast.

Can I revoke my proxy?

Yes, you can revoke your proxy if you are a record holder by: (a) filing written notice of revocation with our Corporate Secretary prior to the Annual Meeting; (b) signing a proxy card bearing a later date than the proxy being revoked and submitting it to our Corporate Secretary prior to the Annual Meeting; (c) voting again by phone or over the Internet; or (d) voting in person at the Annual Meeting.

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If your shares are held in street name through a broker, bank, or other nominee, you need to contact the record holder of your shares regarding how to revoke your proxy.

What vote is required to approve the election of a director?

In the election of a director, you may either vote **FOR** a nominee or **WITHHOLD** your vote from the nominee. If the nominee receives a plurality of the votes cast, he will be elected to our Board of Directors. You may not cumulate your votes in the election of directors.

What vote is required to approve the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm?

In voting on the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm, you may vote **FOR** or **AGAINST** the ratification or **ABSTAIN** from voting. If you **ABSTAIN** from voting on the adoption, your vote will have the same effect as a vote **AGAINST** the proposal. A majority of the votes cast at the Annual Meeting must be cast **FOR** the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm in order for such ratification to be approved at the Annual Meeting.

What vote is required to approve the adoption of the 2009 Incentive Plan?

In voting on the approval of the adoption of the 2009 Incentive Plan, you may vote **FOR** or **AGAINST** the adoption or **ABSTAIN** from voting. If you **ABSTAIN** from voting on the adoption, your vote will have the same effect as a vote **AGAINST** the proposal. A majority of the votes cast at the Annual Meeting must be cast **FOR** the adoption of the 2009 Incentive Plan in order for such adoption to be approved at the Annual Meeting.

In addition, NYSE rules require the total votes cast on the proposal to represent a majority of the securities entitled to vote on the proposal. Broker non-votes are not considered votes cast under the NYSE rules for this purpose.

How does the Board of Directors recommend I vote on the proposals?

The Board of Directors recommends that you vote:

FOR the nominee for director set forth on page 4;

FOR the ratification of the appointment of PricewaterhouseCoopers LLP as our independent registered public accounting firm; and

FOR the approval of the adoption of the 2009 Incentive Plan.

May I propose actions for consideration at next year's annual meeting of stockholders or nominate individuals to serve as directors?

You may submit proposals for consideration at future stockholder meetings, including director nominations. In order for a stockholder proposal to be considered for inclusion in our proxy statement for next year's annual meeting, the written proposal must be received by us no later than December 23, 2009. For a stockholder proposal, including a director nomination, to be considered at next year's annual meeting but not included in the proxy statement relating to such meeting, the written proposal must be received by us no earlier than February 5, 2010 and no later than March 7, 2010. Please read **General Information**

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Stockholder Proposals and Nominations for a more detailed discussion of the requirements for submitting a stockholder proposal for consideration at next year's annual meeting.

What if I do not mark a voting choice for some of the matters listed on my proxy card?

If you return a signed proxy card without indicating your vote, your shares will be voted in accordance with the Board of Directors' recommendation for each proposal with respect to which a voting choice is not indicated.

Could other matters be decided at the Annual Meeting?

We do not know of any other matters that will be considered at the Annual Meeting. If there are any other matters that arise at the meeting, proxies will be voted at the discretion of the proxy holders.

What happens if the Annual Meeting is postponed or adjourned?

If the Annual Meeting is postponed or adjourned, your proxy will still be good and may be voted at the postponed or adjourned meeting. You will still be able to change or revoke your proxy until it is voted.

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Our Board of Directors currently consists of seven directors and is divided into three classes as provided in our Certificate of Incorporation and Amended and Restated Bylaws (Bylaws). Stockholders elect a portion of our Board of Directors each year. Class III directors terms will expire at the Annual Meeting, Class I directors terms will expire at the annual meeting of stockholders to be held in 2010 and Class II directors terms will expire at the annual meeting of stockholders to be held in 2011. Currently, the Class III directors are Daniel W. Jordan and Stuart W. Ray; the Class I directors are William A. Gilliland, D. Dwight Scott and Jeffrey S. Serota; and the Class II directors are Tom L. Ward and Roy T. Oliver, Jr. At each annual meeting of stockholders, the stockholders will elect a successor to each of the directors whose term expires on the date of the meeting, or re-elect each such director, with each successor or re-elected director to serve from the time of election until the third annual meeting following election.

Our Bylaws also provide that the authorized number of directors that shall constitute the whole Board of Directors may be changed by resolution duly adopted by the Board of Directors. Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the total number of directors. Vacancies and newly created directorships may be filled by the affirmative vote of a majority of directors then in office, even if less than a majority of the authorized number of directors.

Director Biographical Information

The names of the members of our Board of Directors and certain information concerning each of them as of March 31, 2009, are set forth below.

Class	Name	Age	Position
II	Tom L. Ward	49	Chairman, Chief Executive Officer and President
I	William A. Gilliland	71	Director
III	Daniel W. Jordan	52	Director
II	Roy T. Oliver, Jr.	56	Director
III	Stuart W. Ray	64	Director
I	D. Dwight Scott	45	Director
I	Jeffrey S. Serota	43	Director

Nominee for Election at the Annual Meeting to Serve for a Three-Year Term (Class III Directors)

Daniel W. Jordan. Mr. Jordan was appointed as a director of SandRidge in December 2006. Mr. Jordan served as a Vice President and director of Symbol Underbalanced Air Services and Larco from August 2003 to September 2005. From October 2005 through August 2006, Mr. Jordan served as Vice President, Business of Riata Energy, Inc., our predecessor. Since September 2006, Mr. Jordan has been involved in private investments. Prior to joining SandRidge, Mr. Jordan founded Jordan Drilling Fluids, Inc. and served as its Chairman, President and Chief Executive Officer from March 1984 to July 2005. Mr. Jordan sold Jordan Drilling Fluids, Inc. and its wholly owned subsidiary, Anchor Drilling Fluids USA Inc., in July 2005. At that time, Anchor Drilling Fluids USA Inc. was the largest privately held domestic drilling fluids firm.

Directors Continuing in Office until the 2010 Annual Meeting of Stockholders (Class I Directors)

William A. Gilliland. Mr. Gilliland was appointed as a director on January 7, 2006. Mr. Gilliland has served as managing partner of several personal and family investment partnerships, including Gillco Energy, L.P. and Gillco Investments, L.P., since April 1999. Prior to this, Mr. Gilliland was the founder, Chief Executive Officer, President and Chairman of Cross-Continent Auto Retailers, Inc. Mr. Gilliland holds a Bachelor of Business Administration from North Texas State University.

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D. Dwight Scott. Mr. Scott was appointed as a director on March 20, 2007. He is a Senior Managing Director of GSO Capital Partners LP (GSO) and Head of GSO's Houston office. At GSO, Mr. Scott focuses on investments in the energy and power markets and is a member of GSO's Investment Committee. Prior to joining GSO, Mr. Scott was Executive Vice President and Chief Financial Officer for El Paso Corporation from October 2002 until August 2005. He is a member of the Board of Directors of Cheniere Energy, Inc., MCV Investors, Inc., United Engines Holding Company LLC, and Crestwood Midstream Partners. Mr Scott is also a member of the Board of Trustees of KIPP, Inc. Mr. Scott earned a Bachelor's degree from the University of North Carolina at Chapel Hill and a Master of Business Administration degree from the University of Texas at Austin.

Jeffrey S. Serota. Mr. Serota was appointed as a director of SandRidge Energy, Inc. on March 20, 2007. He has served as a Senior Partner with Ares Management LLC, an alternative asset investment firm, since September 1997. Prior to joining Ares, Mr. Serota worked at Bear Stearns from March 1996 to September 1997, where he provided investment banking services to financial sponsor clients of the firm. He currently serves on several boards of directors, including WCA Waste Corporation. Mr. Serota received a Bachelor of Science degree in Economics from the University of Pennsylvania's Wharton School of Business and received a Master of Business Administration degree from UCLA's Anderson School of Management.

Directors Continuing in Office until the 2011 Annual Meeting of Stockholders (Class II Directors)

Tom L. Ward. Mr. Ward has served as our Chairman and Chief Executive Officer since June 2006 and as our President since December 2006. Prior to joining SandRidge, he served as President, Chief Operating Officer and a director of Chesapeake Energy Corporation (NYSE: CHK) from the time he co-founded the company in 1989 until February 2006. From February 2006 until June 2006, Mr. Ward managed his private investments. Mr. Ward graduated from the University of Oklahoma with a Bachelor of Business Administration in Petroleum Land Management. He is a member of the Board of Trustees of Anderson University in Anderson, Indiana.

Roy T. Oliver, Jr. Mr. Oliver was appointed as a director on July 13, 2006. Mr. Oliver has served as President of R.T. Oliver Investments, Inc., a diversified investment company with interests in energy, energy services, media and real estate, since August 2001. The company presently owns the largest portfolio of class A office properties in Oklahoma. He has served as President and Chairman of the Board of Valliance Bank, N.A. since August 2004. He founded U.S. Rig and Equipment, Inc. in 1980 and served as its President until its assets were sold in August 2003. Mr. Oliver is a graduate of the University of Oklahoma with a Bachelor of Business Administration degree. He serves on The University of Oklahoma Michael F. Price College of Business Board of Advisors.

Retiring Class III Director

Stuart W. Ray. Mr. Ray was appointed as a director on December 14, 2007. Mr. Ray is a Partner of Sonenshine Partners LLC, a New York City based investment banking firm, and a Partner of Urban American Partners, LLC, a New Jersey based real estate investment and management firm that owns and operates portfolios of workforce housing units. Mr. Ray is a Chartered Financial Analyst, a member of the New York Society of Security Analysts, and a registered broker with the NASD. He received his Bachelor of Arts from Harvard College and Master of Business Administration from Harvard Business School.

Director Independence

The Board of Directors has determined that none of Messrs. Gilliland, Oliver, Ray, Scott and Serota has any material relationship with the Company other than as a director and stockholder of the Company and are independent for purposes of the NYSE listing standards. The Board determined that the lease between an entity of which Mr. Oliver is the majority owner and the Company is not material because of its short duration and its relatively small value

compared to Mr. Oliver's other business interests and the Company's overall facilities costs. The Board of Directors additionally has determined that all Audit Committee members meet

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the independence requirements of the Securities and Exchange Commission (SEC) for Audit Committee members.

Director Attendance at Meetings of the Board of Directors and Stockholder Meetings

The Board of Directors held nine meetings during 2008, and each of the directors attended all of those meetings.

Our non-management directors meet in executive session at each regularly scheduled Board of Directors meeting. In the event that the non-management directors include directors who are not independent under the NYSE listing standards, then at least once a year, there should be an executive session including only independent directors. The director who presides at meetings of non-management and independent directors rotates among the non-management directors every regularly scheduled meeting, provided that a nonmanagement director who is not independent shall not preside at a meeting of independent directors.

The Board of Directors encourages interaction with stockholders and recognizes that annual meetings of the stockholders provide a venue where stockholders can access and interact with our directors. Accordingly, while we do not have a policy requiring our directors to attend annual meetings of the stockholders, all of the members of the Board of Directors are encouraged to attend the meetings. All of our directors attended the 2008 annual meeting of the stockholders.

Committees of the Board of Directors

The Board of Directors has an Audit Committee, a Nominating and Governance Committee and a Compensation Committee. Members of each committee are elected by the Board of Directors and serve until their successors are elected and qualified. Each of the committees of the Board of Directors has adopted a charter consistent with the rules of the NYSE, all of which can be found in the corporate governance section of our website at <http://www.sandridgeenergy.com> and are also available in print to any stockholder who requests a copy.

Audit Committee. The Audit Committee, which currently consists of Messrs. Ray, Scott and Serota, oversees and reports to the Board of Directors on various auditing and accounting-related matters, including the maintenance of the integrity of our financial statements, reporting process and internal controls; the selection, evaluation, compensation and retention of our independent registered public accounting firm; the performance of an internal audit; legal and regulatory compliance, including our disclosure controls and procedures; and oversight over our risk management policies and procedures. Mr. Ray serves as chairman of this committee, and each of Messrs. Ray, Scott and Serota has been determined by our Board of Directors to be an audit committee financial expert as defined under the rules of the SEC. The Audit Committee met eight times during 2008, and each member of the committee attended all of the meetings held during the period.

Nominating and Governance Committee. The Nominating and Governance Committee, which consists of Messrs. Oliver, Ray and Serota, advises the Board of Directors and makes recommendations regarding appropriate corporate governance practices; assists the Board of Directors with the identification and nomination of individuals qualified to become members of the Board of Directors; and maintains a succession plan for our Chief Executive Officer. Mr. Ray serves as the chairman of this committee. The Nominating and Governance Committee met one time during 2008, and each member of the committee attended the meeting other than Mr. Serota.

The Nominating and Governance Committee has the responsibility under its charter to recommend nominees for election to the Board of Directors. In considering candidates for the Board of Directors, the Nominating and Governance Committee considers the entirety of each candidate's credentials. Currently, there are no minimum qualifications that must be met by a nominee recommended by the Nominating and Governance Committee, as different factors may assume greater or lesser significance at particular times. However, while the Nominating and

Governance Committee does not maintain a formal list of qualifications in making its evaluation and recommendation of nominees, the committee may consider, among other factors,

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whether prospective nominees possess relevant business and financial experience, industry or other specialized expertise, high moral character and previous experience as a member of a board of directors.

The Nominating and Governance Committee considers equally candidates for the Board of Directors recommended from any reasonable source, including from a search firm engaged by the committee or from stockholders, provided the procedures set forth below are followed by stockholders who want to make recommendations to the committee.

With respect to the nomination of directors at a stockholders meeting, the Nominating and Governance Committee will consider stockholder recommendations that are received by the Company's Corporate Secretary at 123 Robert S. Kerr Avenue, Oklahoma City, OK 73102 by December 31 of the year preceding such meeting.

A stockholder recommendation should set forth (i) the name and address of and number of shares of common stock owned by the recommending stockholder, (ii) information relating to the recommended candidate that would be required to be disclosed in a solicitation of proxies for the election of the candidate pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (Exchange Act), (iii) a description of all agreements related to the nomination among the recommending stockholder, recommended candidate or other persons, and (iv) any other information the recommending stockholder believes would be useful in informing the committee's decision making.

In addition to making recommendations of director nominees to the Nominating and Governance Committee, stockholders may make director nominations or proposals at any annual meeting of the stockholders, provided they comply with the requirements set forth in our Bylaws and, for their nominations and proposals to be included in a proxy statement delivered by us, with Regulation 14A of the Exchange Act. See General Information Stockholder Proposals and Nominations below.

Compensation Committee. The Compensation Committee, which currently consists of Messrs. Gilliland, Oliver and Scott, establishes annual salaries and other compensation for our executive officers, certain senior officers and other employees and reviews and makes recommendations with respect to our incentive compensation and benefit plans. Mr. Gilliland serves as chairman of the committee. The Compensation Committee met three times during 2008, and each member of the committee attended all three meetings.

In 2008, the Compensation Committee retained the services of an independent compensation consulting firm, Longnecker & Associates. The firm reports directly to the Compensation Committee. During 2008, the consulting firm provided an analysis of market compensation based upon its review of compensation paid by exploration and production companies similar in revenues, total assets, and market capitalization to us. Longnecker performs no other consulting services for us other than studies related to our compensation program.

Report of the Audit Committee

The following is the report of the Audit Committee for the year ended December 31, 2008. The information contained in this report shall not be deemed to be soliciting material or to be filed with the Commission, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the Company specifically incorporates it by reference in such filing.

As of December 31, 2008, the Audit Committee was comprised of three directors, each of whom has been determined to be independent in accordance with the requirements of the rules and regulations of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934 and the New York Stock Exchange listing standards.

The Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors. Management has the primary responsibility for the preparation of the financial statements and the establishment and maintenance of the system of internal controls. The independent auditors are responsible for

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performing an independent audit of the Company's consolidated financial statements in accordance with generally accepted auditing standards and to issue a report thereon.

In performing its duties, the Audit Committee has:

reviewed and discussed with the Company's management and PricewaterhouseCoopers LLP (PwC), the Company's independent registered public accounting firm, the audited financial statements contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2008;

reviewed with the Company's management internal controls over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board, which review including a discussion of the quality, not just the acceptability, of the Company's accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements;

reviewed with PwC the Company's internal controls over financial reporting;

reviewed with PwC its judgment as to the quality, not just the acceptability, of the Company's accounting principles and other matters;

discussed with PwC the overall scope and plans for its audit;

met with PwC to discuss the results of its audit and the overall quality of the Company's financial reporting; and

met with the Company's independent reservoir engineers consultants to discuss the Company's process for determining oil and gas reserves.

During the Audit Committee's review of the audited financial statements, management advised the Audit Committee that each set of financial statements reviewed had been prepared in accordance with generally accepted accounting principles and reviewed significant accounting and disclosure issues with the Audit Committee. With respect to its review of the Company's internal controls over financial reporting, the Committee noted that year-end 2008 marked the first time the Company was required to comply with all provisions of Section 404 of the Sarbanes-Oxley Act of 2002 (Section 404) and that management advised that the Company was in compliance with Section 404.

The Audit Committee discussed with the independent registered public accounting firm the matters required to be discussed pursuant to AICPA Professional Standards Vol. 1 AU Section 380. The Audit Committee has received and reviewed the written disclosures and the letter from PricewaterhouseCoopers LLP required by the Public Company Accounting Oversight Board regarding the independent registered public accounting firm's communications with the Audit Committee concerning independence, and has discussed with PricewaterhouseCoopers LLP such independent registered public accounting firm's independence. The Audit Committee determined that the non-audit services provided to the Company by PwC are compatible with maintaining PwC's independence.

Based on the review and discussion referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2008 filed with the Securities and Exchange Commission.

This report is submitted on behalf of the Audit Committee.

D. Dwight Scott
Jeffrey S. Serota

Stuart W. Ray

Compensation Committee Interlocks and Insider Participation

None of our executive officers serve as a member of the board of directors or compensation committee of any entity that has one or more of its executive officers serving as a member of our Board of Directors.

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During 2008, Mr. Ward, our Chairman, Chief Executive Officer and President, participated in the deliberations of our Board of Directors concerning executive officer compensation.

Corporate Governance Guidelines and Communications with Directors

Our Board of Directors has adopted corporate governance guidelines that define those governance practices of the board that are not included in our Bylaws. Our Board of Directors has also adopted a Code of Business Conduct and Ethics, which contains general guidelines for conducting our business and applies to all of our officers, directors and employees, and a Financial Code of Ethics that applies to our Chief Executive Officer, Chief Financial Officer and other senior financial executives. Our corporate governance guidelines and codes can be found in the corporate governance section of our website at <http://www.sandridgeenergy.com> and are also available in print to any stockholder who requests a copy.

Any stockholder who desires to communicate with the Board of Directors, individual directors or committees of the Board of Directors may do so at any time by submitting his or her comments, questions or concerns, in writing by mail addressed to our Corporate Secretary at 123 Robert S. Kerr Avenue, Oklahoma City, Oklahoma 73102. A stockholder or other interested party should clearly indicate on the envelope the director or directors who are the intended recipients of the communication.

All such communications received by the Corporate Secretary will be forwarded to the director designated on the envelope. The Corporate Secretary will not filter out any such communications except for spam communications related to solicitation for products or services and items of a personal nature that are not relevant to a person's status as a stockholder. All communications designated for the Board of Directors will be forwarded to the Chairman of the Board of Directors. All communications designated to a particular committee of the Board of Directors will be forwarded to the chairman of that committee. All communications designated to a director will be forwarded to that director.

To report any issues relating to our accounting, accounting controls, financial reporting or other practices, employees, stockholders and other interested parties may call the confidential hotline at 1-866-206-2720. All calls will remain anonymous.

These policies and procedures are not intended to alter or amend the requirements a stockholder must satisfy in order to (1) present a stockholder proposal at a meeting of stockholders, (2) nominate a candidate for the Board of Directors, (3) recommend a candidate for the Board of Directors for consideration by the Nominating and Governance Committee as set forth in our Bylaws and described above in Committees of the Board of Directors or (4) have the stockholder's proposal or nomination included in our proxy statement in accordance with Rule 14a-8 of the Exchange Act.

PROPOSAL NO. 1

ELECTION OF DIRECTOR

Board Nominee

Based upon the recommendation of our Nominating and Governance Committee, our Board of Directors has nominated Daniel W. Jordan for re-election as a director to the board. If elected, the nominee would serve a three-year term expiring at the close of our 2012 annual meeting, or until his successor is duly elected. Biographical information of the nominee is furnished below under Director Biographical Information.

Our Board of Directors does not contemplate that the nominee will be unable to serve if elected. However, if, prior to the Annual Meeting, a nominee becomes unable to serve, the persons named in the enclosed proxy will vote for the election of such other person as may be nominated by the Board of Directors.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE NOMINEE.

Table of Contents**PROPOSAL NO. 2****RATIFICATION OF SELECTION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee has directed the Company to submit the selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for the year ending December 31, 2009 for ratification by the stockholders at the Annual Meeting. Neither the Company's Bylaws nor other governing documents or law require stockholder ratification of the selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm. However, the Audit Committee is submitting the selection of PricewaterhouseCoopers LLP to the stockholders for ratification as a matter of good corporate practice. If the stockholders fail to ratify the selection, the Audit Committee will reconsider whether or not to retain that firm. Even if the selection is ratified, the Audit Committee may in its discretion direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and its stockholders.

A representative of PricewaterhouseCoopers LLP is expected to attend the Annual Meeting and will have the opportunity to make a statement, if he or she so desires, and will be available to respond to appropriate questions of stockholders.

Audit Fee Summary

Set forth below is a summary of the total fees paid to our independent registered public accounting firm, PricewaterhouseCoopers LLP, for fiscal years 2008 and 2007.

	2008	2007
	(In thousands)	
Audit Fees	\$ 2,308	\$ 1,684
Audit-Related Fees		78
Tax Fees	638	512
All Other Fees		
Total	\$ 2,946	\$ 2,274

Audit Fees. Audit fees consist primarily of fees billed for professional services rendered for the audit of our annual financial statements and internal controls over financial reporting, review of the financial statements included in each of our quarterly reports on Form 10-Q, assistance with and review of documents filed with the SEC and work performed by tax professionals in connection with the audit and quarterly reviews.

Audit-Related Fees. Audit-related fees consist primarily of due diligence, consultation regarding financial accounting and reporting standards and consultation conducted in fiscal 2007 regarding the Company's internal controls over financial reporting in order to comply with the Sarbanes-Oxley Act of 2002.

Tax Fees. Tax fees include all services performed by the firm's tax division other than those related to the audit of financial statements.

All Other Fees. Other fees consist primarily of all fees billed for products and services provided by the firm other than those reported above.

The Audit Committee is responsible for approving in advance any services to be performed by the independent registered public accounting firm. The Audit Committee may delegate its pre-approval authority for these services to one or more members, whose decisions shall be presented to the full Audit Committee at its scheduled meetings. Each of these services must receive specific pre-approval by the Audit Committee or its delegate unless the Audit Committee has provided general pre-approval for such category of services in accordance with policies and procedures that comply with applicable laws and regulations. All of the fees described above under audit fees, audit-related fees and tax fees for 2008 were specifically pre-approved by the Audit Committee.

THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS VOTE FOR THE RATIFICATION OF THE SELECTION OF PRICEWATERHOUSECOOPERS LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR ENDING DECEMBER 31, 2009.