

MARINER ENERGY INC

Form DEF 14A

April 01, 2008

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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

Mariner 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:

(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:

- o Fee paid previously with preliminary materials.
- o 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:

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**MARINER ENERGY, INC.
One Briar Lake Plaza
2000 West Sam Houston Parkway South, Suite 2000
Houston, Texas 77042
(713) 954-5500**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held April 30, 2008**

To the Stockholders of Mariner Energy, Inc.

The annual meeting of holders of common stock of Mariner Energy, Inc. will be held on Wednesday, April 30, 2008 at 10:30 a.m., Central Time, at One BriarLake Plaza, 2000 West Sam Houston Parkway South, Suite 2000, Houston, Texas 77042, for the following purposes:

to elect two directors to serve until the annual meeting of stockholders in 2011,

to ratify the selection of Deloitte & Touche LLP as independent auditors for the fiscal year ending December 31, 2008, and

to transact any other business that may properly come before the annual meeting.

The board of directors of Mariner has determined that owners of record of Mariner's common stock at the close of business on March 10, 2008 are entitled to notice of, and have the right to vote at, the annual meeting and any reconvened meeting following any adjournment or postponement of the meeting.

By Order of the Board of Directors
of Mariner Energy, Inc.
Teresa G. Bushman,
Senior Vice President, General Counsel,
and Secretary

Houston, Texas
April 1, 2008

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be Held on April 30, 2008. The proxy statement and annual report to stockholders are available at <http://www.cstproxy.com/mariner-energy/2008/>

YOUR VOTE IS IMPORTANT

Whether or not you expect to attend the meeting in person, please promptly vote by proxy. You can so vote via the Internet or telephone by following the instructions on your enclosed proxy card. You also can sign, date and return the proxy in the enclosed envelope. If you do attend the meeting, you may withdraw your proxy and vote in person.

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**MARINER ENERGY, INC.
One Briar Lake Plaza
2000 West Sam Houston Parkway South, Suite 2000
Houston, Texas 77042
(713) 954-5500**

PROXY STATEMENT

ANNUAL MEETING OF STOCKHOLDERS

APRIL 30, 2008

This proxy statement is furnished to stockholders of Mariner Energy, Inc. Our board of directors is soliciting proxies for use at our annual meeting of stockholders to be held Wednesday, April 30, 2008, at 10:30 a.m. Central Time, and any reconvened meeting following any adjournment or postponement of the meeting. The annual meeting will be held at Mariner's headquarters at the address above.

We are first sending to stockholders this proxy statement, and accompanying proxy card and Notice of Annual Meeting of Stockholders on or about April 1, 2008.

ACTION TO BE TAKEN AT ANNUAL MEETING

When you have appropriately specified how your proxy should be voted, the proxy will be voted accordingly. Unless you otherwise specify in your proxy, your proxy will be voted:

- (1) FOR the election as directors the nominees listed under Election of Directors,
- (2) FOR the ratification of the selection of Deloitte & Touche LLP as Mariner's independent auditors for the fiscal year ending December 31, 2008, and
- (3) at the discretion of the proxy holders, either FOR or AGAINST any other matter or business that may properly come before the annual meeting. Our board of directors is not currently aware of any such other matter or business. If other matters are properly brought before the meeting or any adjourned meeting, your proxies will have discretion to act on those matters or to adjourn the meeting, according to their judgment.

QUORUM AND VOTING

Quorum

A quorum of stockholders is necessary to have a valid meeting of stockholders. The presence in person or by proxy of the holders of a majority of the outstanding shares of our common stock is necessary to constitute a quorum at the annual meeting. Shares that are not voted will not count for purposes of calculating a quorum. Abstentions and broker non-votes count as present for establishing a quorum. A broker non-vote occurs on an item when a broker is not permitted to vote on that item without instructions from the beneficial owner of the shares and no instructions are given. We expect that, in the event that a quorum is not present at the meeting, the meeting will be adjourned or postponed to solicit additional proxies.

Required Vote

You are a stockholder of record if your shares of our common stock are held in your name on the records of our stock transfer agent and registrar, The Continental Stock Transfer & Trust Company. Only stockholders of record of our common stock at the close of business on March 10, 2008, the record date for this annual meeting, are entitled to receive notice of, and have the right to vote at, the annual meeting and any reconvened meeting following any adjournment or postponement of the meeting. On the record date, 87,261,050 shares of our common stock were issued and outstanding and entitled to vote at the meeting.

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Stockholders of record of our common stock on the record date are each entitled to one vote per share on the proposals. With respect to proposals to be voted upon at the annual meeting:

Director nominees receiving a plurality of all votes cast will be elected to our board of directors. Abstentions and broker non-votes have no effect on the election of directors. Non-voted shares have the effect of reducing the number of shares required to elect directors.

Ratification of the selection of our independent auditors, and except as otherwise provided by law, our Second Amended and Restated Certificate of Incorporation, as amended, or our Fourth Amended and Restated Bylaws, all matters other than the election of directors is decided by the vote of a majority of the votes cast by the stockholders present in person or by proxy and entitled to vote, a quorum being present. Abstentions and broker non-votes have the same effect as a negative vote on matters other than the election of directors, including ratification of the selection of our independent auditors.

Voting

Stockholders of record may effect voting of their stock by any of the following methods:

submit a proxy via the Internet or telephone by following the instructions provided on your enclosed proxy card, *which simplifies the voting process and reduces Mariner's costs*;

complete the enclosed proxy card, and sign, date and either mail it in the enclosed postage pre-paid envelope or send both sides by facsimile to:

The Continental Stock Transfer & Trust Company
17 Battery Place, 8th Floor
New York, New York 10004
Facsimile (212) 509-5152; or

attend the meeting and vote in person.

If your shares are held of record in the name of a broker, bank or other fiduciary, only the broker, bank or other fiduciary may vote your shares by proxy or in person at the meeting. Brokers currently have discretion to vote in the election of directors and ratification of the selection of our independent auditors. A broker therefore can vote those of your shares held in its name in their discretion unless you instruct the broker how to vote your shares or obtain a proxy from the broker to vote at the meeting. A bank or other non-broker fiduciary may not have discretion to vote those of your shares that may be held of record in its name, in which case your shares will not be voted unless you instruct such fiduciary how to vote your shares or obtain a proxy from the fiduciary to vote at the meeting.

You may revoke your proxy at any time before your proxy is voted. To revoke your proxy, you can deliver a later dated proxy using any of the methods listed above, or you can deliver written notice of revocation to The Continental Stock Transfer & Trust Company at the above address. You also can attend the meeting, withdraw your proxy and vote your shares personally. Your attendance at the meeting will not constitute automatic revocation of your proxy. If your shares are held in the name of a broker, bank or other fiduciary and you have directed the record holder to vote your shares, you should instruct the record holder to change your vote or obtain a proxy from the broker, bank or other fiduciary to do so yourself.

Internet and telephone voting will close at 7:00 p.m. Eastern time on the day before the meeting. Thereafter, voting (including revocations of proxies) can be made by mail or facsimile received before the meeting, or in person at the

meeting.

Proxies received at or before the meeting will be counted in the vote on the approval of the proposals.

Proxy Solicitation

We will bear the entire cost of soliciting proxies from stockholders. In addition to solicitation by mail, our directors, officers and employees may also solicit proxies from stockholders by telephone, facsimile or in person. We also will make arrangements with brokerage houses and other custodians, nominees and fiduciaries

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to send the proxy materials to beneficial owners. Upon request, we will reimburse those brokerage houses and custodians for their reasonable expenses in so doing.

We have retained Morrow & Co., LLC to provide advice and to aid in the solicitation of proxies from our stockholders. We will pay Morrow a fee of \$5,500, plus \$5.00 per stockholder contact, as compensation for its services, and reimburse Morrow for its related out-of-pocket expenses.

ELECTION OF DIRECTORS

The board of directors of Mariner currently is composed of six directors. The following table sets forth the names and ages (as of March 20, 2008) of the individuals who are the directors of Mariner whose term of office is expected to continue after this annual meeting, including directors standing for reelection. All directors are elected for terms in accordance with their class, as described below. There are no family relationships among any of our directors or executive officers.

Director Nominees	Age	Class	Term Expires	Director Since
Jonathan Ginns	43	III	2008	March 2004
Scott D. Josey	50	III	2008	August 2001
<u>Directors</u>				
Bernard Aronson	61	I	2009	March 2004
H. Clayton Peterson	62	I	2009	March 2006
Alan R. Crain, Jr.	56	II	2010	April 2006
John F. Greene	67	II	2010	August 2005

Our certificate of incorporation and bylaws provide for a classified board of directors consisting of three classes of directors, each serving staggered three-year terms. As a result, stockholders elect a portion of our board of directors each year. Class I directors' term expire at the annual meeting of stockholders to be held in 2009, Class II directors' terms expire at the annual stockholders meeting to be held in 2010, and Class III directors' terms expire at this annual stockholders meeting. At each annual meeting of stockholders, the successors to the class of directors whose terms then expire will be elected to serve from the time of election until the third annual meeting following election.

Effective immediately after the May 9, 2007 annual meeting, our board of directors fixed the size of the board at six. Our bylaws provide that the authorized number of directors to 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 our directors then in office, even if less than a quorum.

Nominees for Election as Director

Information concerning the persons nominated for election as directors follows. **Our board of directors recommends a vote FOR the election of these nominees.**

Nominees for Election as a Class III Director to Serve until the Annual Meeting in 2011:

Jonathan Ginns Mr. Ginns has been a director since March 2004. He is a founding partner of ACON Investments, a Washington, D.C. based private equity investment firm formed in 1996. Mr. Ginns serves on the board of directors of the The Optimal Group, which is publicly traded, and Signal International and Milagro Exploration, LLC.

Scott D. Josey Mr. Josey has served as Chairman of the Board since August 2001. Mr. Josey was appointed Chief Executive Officer of Mariner in October 2002 and President in February 2005. From 2000 to 2002, Mr. Josey served as Vice President of Enron North America Corp. and co-managed its Energy Capital

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Resources group. From 1995 to 2000, Mr. Josey provided investment banking services to the oil and gas industry and portfolio management services. From 1993 to 1995, Mr. Josey was a Director with Enron Capital & Trade Resources Corp. in its energy investment group. From 1982 to 1993, Mr. Josey worked in all phases of drilling, production, pipeline, corporate planning and commercial activities at Texas Oil and Gas Corp. Mr. Josey is a member of the Society of Petroleum Engineers and the Independent Producers Association of America.

Directors Remaining in Office

Information regarding the members of our board of directors who do not stand for reelection this year and whose term continues after this annual meeting follows:

Class I Directors who Serve until the Annual Meeting in 2009:

Bernard Aronson Mr. Aronson has been a director since March 2004. He is a founding partner of ACON Investments, a private equity fund. Prior to founding ACON Investments in 1996, Mr. Aronson was International Advisor to Goldman Sachs & Co. for Latin America from 1994 to 1996. From 1989 through 1993, Mr. Aronson served as Assistant Secretary of State for Inter-American Affairs. He is a member of the Council on Foreign Relations. Mr. Aronson serves on the boards of directors of Liz Claiborne, Inc. and Royal Caribbean International Inc., each of which is publicly traded, and Global Hyatt Corporation.

H. Clayton Peterson Mr. Peterson has been a director since March 2006. During his 33-year career with Arthur Andersen, he specialized in audits of oil and gas companies. Most recently, from January 2000 to September 2002, Mr. Peterson was Managing Partner of the Denver office of Arthur Andersen and Regional Managing Partner of the audit practices of Arthur Andersen in Tulsa, Oklahoma City and Dallas. Since September 2002, Mr. Peterson has been a business consultant, including to the Estate of Kim Magness from August 2003 to present. He has been a member of the board of directors of RE/MAX International, Inc. since May 2005 and is co-chair of its audit committee.

Class II Directors who Serve until the Annual Meeting in 2010:

Alan R. Crain, Jr. Mr. Crain has been a director since April 2006. He is Senior Vice President and General Counsel of Baker Hughes Incorporated and has served in that capacity since October 2000. He was Executive Vice President, General Counsel and Secretary of Crown, Cork & Seal Company, Inc. from 1999 to 2000. He was Vice President and General Counsel from 1996 to 1999, and Assistant General Counsel from 1988 to 1996, of Union Texas Petroleum Holdings, Inc.

John F. Greene Mr. Greene has been a director since August 2005. He served as Executive Vice President of Worldwide Exploration, Production and Natural Gas Marketing and as a corporate director at Louisiana Land & Exploration Company before his retirement in 1995. Prior to joining Louisiana Land & Exploration Company, Mr. Greene was the President and Chief Operating Officer of Milestone Petroleum, Inc. (later known as Burlington Resources, Inc.) from 1981 to 1985. Mr. Greene served as a director and member of the compensation committee of Basin Exploration, Inc. from 1996 through 2001. Mr. Greene began his industry career with Conoco in 1970 after serving in the United States Navy from 1963 until 1968. He is a partner and director of the Shoreline Companies and Leaf River Resource Corporation.

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AND RELATED STOCKHOLDER MATTERS**

The following table sets forth information as of March 20, 2008 (except as otherwise indicated) with respect to the beneficial ownership of Mariner's common stock by (i) 5% stockholders, (ii) directors, (iii) each of our executive officers named under the caption "Executive Compensation" below, and (iv) current executive officers and directors as a group. As used in the footnotes to the table, "Ownership Date" means March 20, 2008.

Unless otherwise indicated in the footnotes to this table, each of the stockholders named in this table has sole voting and investment power with respect to the shares indicated as beneficially owned.

Name of Beneficial Owner	Amount(1)	Percent of Class
5% Stockholders:		
FMR LLC(2) 82 Devonshire Street, Boston, MA 02109	12,315,307	14.1%
Artisan Partners Limited Partnership(2) 875 East Wisconsin Ave., Suite 800, Milwaukee, WI 53202	5,174,032	5.9%
First Manhattan Co.(2) 437 Madison Ave., New York, NY 10022	5,124,257	5.9%
T. Rowe Price Associates, Inc.(2) 100 E. Pratt Street, Baltimore, MD 21202	4,470,798	5.1%
Officers and Directors:		
c/o Mariner Energy, Inc., One Briar Lake Plaza, Suite 2000, 2000 West Sam Houston Parkway South, Houston, Texas 77042		
Scott D. Josey	702,954	*
John H. Karnes	35,758	*
Dalton F. Polasek	297,614	*
Mike C. van den Bold	182,446	*
Judd A. Hansen	160,570	*
Bernard Aronson(3)	197,939	*
Alan R. Crain, Jr.	12,822	*
Jonathan Ginns(3)	197,939	*
John F. Greene	22,132	*
H. Clayton Peterson	14,008	*
Current executive officers and directors as a group (14 persons)	2,053,742	2.3%

* Less than 1%.

- (1) Includes unvested restricted stock granted to directors and certain executive officers under our Stock Incentive Plan. These shares may be voted, but not disposed of, before vesting. Also includes shares issuable upon exercise of options granted to certain officers under our Stock Incentive Plan that are exercisable within 60 days after the Ownership Date. If a person has the right to acquire beneficial ownership of shares by exercise of outstanding options within 60 days after the Ownership Date, those shares are deemed beneficially owned by that person as of that date and are deemed to be outstanding solely for the purpose of determining the percentage

of common stock that he or she owns. Those shares

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are not included in the computations for any other person. Information regarding options held by named executive officers and all current executive officers as a group is:

	Options Exercisable	Options Unexercisable
Scott D. Josey	200,000	0
John H. Karnes	0	0
Dalton F. Polasek	102,000	0
Mike C. van den Bold	74,000	0
Judd A. Hansen	32,000	0
Current executive officers as a group (9 persons)	536,000	0

(2) Based on the most recent Schedule 13G/A filed with the Securities and Exchange Commission by such holder.

(3) Each of Messrs. Aronson and Ginns may be deemed to be a beneficial owner of 184,044 shares beneficially owned by ACON E&P, LLC and held of record by ACON MEI Holdings, L.P. Each of Messrs. Aronson and Ginns is a managing member of ACON E&P, LLC. Each of Messrs. Aronson and Ginns disclaims beneficial ownership of shares held by ACON E&P, LLC except to the extent of his pecuniary interest therein.

Equity Compensation Plan Information

The following table summarizes information about our equity compensation plans as of December 31, 2007.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders(1)	720,488(2)	\$ 13.82	4,072,801(3)
Equity compensation plans not approved by security holders			
Total	720,488(2)	\$ 13.82	4,072,801(3)

- (1) These plans consist of our Stock Incentive Plan, as amended or restated from time to time (Stock Incentive Plan) and options issued to certain former employees of Forest Oil Corporation or its subsidiary in connection with the March 2, 2006 merger of our subsidiary and Forest s subsidiary (Rollover Options).
- (2) Includes 669,805 shares of our common stock issuable upon exercise of options granted under our Stock Incentive Plan and 50,683 shares of our common stock issuable upon exercise of Rollover Options. Excludes 1,484,552 shares of our common stock issued and outstanding as restricted stock under the Stock Incentive Plan.
- (3) Shares of our common stock remaining available for issuance as restricted stock or options under our Stock Incentive Plan. An aggregate 6,500,000 shares of our common stock was authorized and reserved for issuance under the Stock Incentive Plan. The Stock Incentive Plan provides that shares of our common stock subject to forfeited or cancelled options, forfeited restricted stock and stock withheld for withholding taxes again become available for issuance as restricted stock or options under the Stock Incentive Plan.

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Stock Incentive Plan

Our Stock Incentive Plan has been approved by our stockholders. Its objectives are to encourage our directors, officers and other employees to acquire or increase an equity interest in Mariner and to provide a means whereby they may develop a sense of proprietorship and personal involvement in our development and financial success. The Stock Incentive Plan also is designed to enhance our ability to attract and retain the services of individuals who are essential for our growth and profitability. Awards to participants under the Stock Incentive Plan may be made in the form of incentive stock options, non-qualified stock options or restricted stock. The compensation committee of our board of directors determines participants to whom awards are granted, the type or types of awards granted to a participant, the number of shares covered by each award, the purchase price, conditions and other terms of each award. Our chief executive officer may make recommendations to the committee regarding awards to other executives and employees.

A total of 6.5 million shares of our common stock are subject to the Stock Incentive Plan. No more than 2.85 million shares issuable upon exercise of options or as restricted stock can be issued to any individual. As of December 31, 2007, 4,072,801 shares remained available under the Stock Incentive Plan for future issuance to participants. As of December 31, 2007, all non-employee directors and all executive officers had been granted awards under the Stock Incentive Plan.

The compensation committee recommends that in any given year, the aggregate awards made to employees and directors under the Stock Incentive Plan not result in dilution to existing stockholders in excess of two percent, and that in any given rolling seven-year period, the cumulative equity awards, less forfeitures, not result in dilution in excess of 10%. Aggregate grants during each of 2007 and 2006 under the Stock Incentive Plan constituted approximately one percent of shares of our common stock outstanding as of December 31, 2007 and 2006, respectively.

CORPORATE GOVERNANCE

Availability of Corporate Governance Materials

Our board of directors and committees of the board have adopted a number of committee charters and other materials relating to our corporate governance, many of which are discussed in this proxy statement. The following governance materials adopted by our board of directors or board committees are available free of charge on our website at www.mariner-energy.com:

Corporate Governance Guidelines

Code of Business Conduct and Ethics

Policy for Reporting Complaints and Concerns about Accounting, Internal Accounting Controls or Auditing Matters

Related Party Transaction Approval Policy

Audit Committee Charter

Nominating and Corporate Governance Committee Charter

Compensation Committee Charter

Executive Committee Charter

These materials as well as our certificate of incorporation and bylaws, as each may be amended or restated from time to time, are available in print, free of charge, by contacting the corporate secretary at our principal executive offices at the address on the first page of this proxy statement.

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Corporate Governance Guidelines

Our common stock is listed on the New York Stock Exchange (NYSE). Our board of directors has adopted Corporate Governance Guidelines that give effect to the NYSE's requirements related to corporate governance and various other corporate governance matters. These guidelines provide a framework for our corporate governance initiatives and cover topics such as director qualifications and selection, board composition, director responsibilities, director compensation, board and committee self-evaluations, and management succession planning.

Code of Business Conduct and Ethics

Our board of directors has adopted a Code of Business Conduct and Ethics, which is designed to help officers, directors and employees resolve ethical issues in an increasingly complex business environment. The Code of Business Conduct and Ethics is applicable to all of our officers, directors and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller and other persons performing similar functions. The Code of Business Conduct and Ethics covers topics such as conflicts of interest, confidentiality of information, fair dealing, protection of corporate opportunities, proper use of our assets, compliance with laws and regulations, and prompt reporting of illegal or unethical behavior.

Waivers from our Code of Business Conduct and Ethics are discouraged, but any waivers from the Code of Business Conduct and Ethics for our principal executive officer, principal financial officer, principal accounting officer or controller and other persons performing similar functions, or any other executive officer or director must be approved by the nominating and corporate governance committee of our board of directors, which is composed solely of directors whom the board has determined are independent of management. Any waiver from, or substantive amendment to, our Code of Business Conduct and Ethics that applies to our directors or executive officers (including the principal executive officer, principal financial officer, principal accounting officer or controller and other persons performing similar functions) either will be posted on our website at www.mariner-energy.com or filed with the Securities and Exchange Commission (SEC) on a Form 8-K, in each case, within four business days after any such waiver or amendment.

Independent Directors

The NYSE requires that a majority of directors be independent directors, as defined in the NYSE corporate governance standards. Generally, a director does not qualify as an independent director if the director (or in some cases, members of the director's immediate family) has, or in the past three years has had, certain material relationships or affiliations with Mariner, its external or internal auditors, or other companies that do business with us. To assist it in making determinations of independence, our board of directors has adopted categorical standards as permitted by the NYSE corporate governance standards. A relationship a director has with Mariner falls within these categorical standards if it:

is a type of relationship addressed in item 404 of SEC Regulation S-K but under that item does not require disclosure or preclude a determination of independence;

is a type of relationship addressed in section 303A.02(b) of the NYSE Listed Company Manual but under that section does not require disclosure or preclude a determination of independence; or

consists of charitable contributions by us to an organization where a director is an executive officer and does not exceed the greater of \$1 million or 2% of the organization's gross revenue in any of the last three years.

Our board of directors has affirmatively determined that five of our six current directors have no other direct or indirect material relationships with Mariner and therefore are independent directors on the basis of the NYSE corporate governance standards and an analysis of all relevant facts and circumstances specific to each director. The independent directors are Bernard Aronson, Alan R. Crain, Jr., Jonathan Ginns, John F. Greene, and H. Clayton Peterson. Except as disclosed below, none of the directors whom our board has determined are independent has any other relationships with Mariner. Our board of directors has carefully

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reviewed the relationship discussed below and unanimously determined (with the affected director abstaining) that such relationship is not material.

Alan R. Crain, Jr. Mr. Crain is an executive officer of Baker Hughes Incorporated. Mariner purchased products and services in the ordinary course of business from Baker Hughes in each of its last three fiscal years ended December 31, 2007, 2006 and 2005. Our board of directors has determined that this relationship is not material. In making this determination, the board considered that the annual amount paid by Mariner to Baker Hughes in each of those years was substantially less than one percent of the consolidated gross revenues reported by Baker Hughes for each of those years.

Non-Management Director Meetings and Presiding Independent Director

Pursuant to the our Corporate Governance Guidelines, our non-management directors meet separately from the other director in regularly scheduled executive sessions following each regularly scheduled board of directors meeting and at such other times as the non-management directors may choose.

The independent directors serving on our board of directors have appointed Bernard Aronson to serve as the board's presiding independent director. During 2007, the independent directors held five meetings without management. Interested parties who wish to communicate with the presiding independent director or the non-management directors as a group should follow the procedures found under Stockholder Communications.

Director Nominating Process

Stockholders may recommend a director nominee by following the procedures described in our bylaws and Corporate Governance Guidelines, which are summarized below under Stockholder Proposals. Recommendations will be brought to the attention of, and be considered by, the nominating and corporate governance committee. The committee will not alter the manner in which it evaluates candidates, including the minimum criteria described below, based on whether or not the candidate was recommended by a stockholder.

Under our Corporate Governance Guidelines and the Nominating and Corporate Governance Committee Charter, the nominating and corporate governance committee establishes selection criteria for board candidates from time to time. It reviews with our board of directors these criteria and the appropriate skills and characteristics required of board members in the context of the then current composition of the board. At a minimum, the nominating and corporate governance committee must be satisfied that each director (1) has business or professional knowledge and experience that will benefit Mariner, (2) is well regarded in the community, with a long-term reputation for honesty and integrity, (3) has good common sense and judgment, (4) has a positive record of accomplishment in present and prior positions, and (5) has the time, energy, interest and willingness to become involved in Mariner and its future. In addition, the committee considers, among other factors, strategic contacts and involvement in business and civic affairs, and financial and regulatory experience.

In the case of an incumbent director whose term is expiring, the committee reviews the director's overall service during his term, including the quantity and quality of his performance, as well as whether he satisfies NYSE and SEC independence standards. In the case of new director candidates, the committee also considers whether the candidate meets these independence standards and his experience in finance and accounting. Candidates first are interviewed by the nominating and corporate governance committee. If approved, they are interviewed by other board members. Finally, the full board of directors acts upon all final nominations after considering the committee's recommendations.

Based upon this review process, the nominating and corporate governance committee recommended to the board of directors, and the board approved, the nomination of incumbent directors Jonathan Ginns and Scott D. Josey for

reelection to the board at this annual stockholders meeting.

Stockholder Proposals

Our bylaws provide that stockholders seeking to nominate candidates for election as directors at, or bring other business before, an annual meeting of stockholders must provide timely notice of their proposal in

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writing to the corporate secretary. The stockholder must be a stockholder of record at the time of giving notice and be entitled to vote at the meeting. The notice must satisfy information criteria summarized below.

With respect to the nomination of directors, our bylaws provide that to be timely, a stockholder's notice must be delivered to or mailed and received at our principal executive offices (i) with respect to an election of directors to be held at the annual meeting of stockholders, not later than 120 days before the anniversary date of the proxy statement for the immediately preceding annual meeting of stockholders, and (ii) with respect to an election of directors to be held at a special meeting of stockholders, not later than the close of business on the 10th day following the day on which notice of the date of the special meeting was first mailed to our stockholders or public disclosure of the date of the special meeting was first made, whichever first occurs. The stockholder's notice must include (i) as to each director nominee, information required pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, (including the written consent of the person to be named in the proxy statement as a nominee and to serve as a director if elected), and (ii) as to the stockholder giving notice, the stockholder's name and address (as they appear on Mariner's books), and the class and number of shares of our capital stock the stockholder beneficially owns. The stockholder also must comply with the Exchange Act and related rules and regulations.

In addition to the requirements of our bylaws concerning nomination of directors, the Nominating and Corporate Governance Committee Charter provides that the stockholder's notice also must include (1) the name and address of the beneficial owner, if any, on whose behalf the nomination is made, (2) the acquisition date, class and number of our shares beneficially owned by the noticing stockholder and any such beneficial owner, (3) any material interest of the stockholder or beneficial owner in the nomination, (4) a representation that the stockholder intends to appear in person or by proxy at the meeting to bring the nomination before the meeting, and (5) whether either the stockholder or beneficial owner intends to deliver a proxy statement and form of proxy to holders of a sufficient number of holders of our voting shares to elect such nominee(s).

With respect to other business to be brought before a meeting of stockholders, our bylaws provide that to be timely, a stockholder's notice must be delivered to or mailed and received at our principal executive offices not less than 120 days before the anniversary date of the proxy statement for the preceding annual meeting of stockholders. The stockholder's notice must include (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the stockholder's name and address (as they appear on Mariner's books), (iii) the acquisition date, class and number of shares of our voting stock the stockholder beneficially owns, (iv) any material interest in such business, and (v) a representation that the stockholder intends to appear in person or by proxy at the annual meeting to bring the proposed business before the meeting.

Stockholder Communications

Mariner's stockholders and other interested persons may communicate with our board of directors, any committee of the board, or any individual director by sending communications to the attention of the corporate secretary at our principal executive offices at the address on the first page of this proxy statement. The corporate secretary will forward the communication to the designated or appropriate committee(s) of the board of directors, the designated director(s), or the Chairman of the Board, as may be applicable.

Board Attendance

Our Corporate Governance Guidelines provide that all directors are expected to attend all meetings of the board of directors and committees on which they serve. During 2007, the board of directors held 13 meetings. Each director attended at least 75% of the aggregate number of meetings of the board of directors and meetings of committees of the board on which he served. Three directors attended our 2007 annual meeting of stockholders. All directors are requested and encouraged to attend the annual meeting of stockholders.

Board Committees

Our board of directors has established four standing committees, the audit committee, the compensation committee, the nominating and corporate governance committee, and the executive committee. A current copy

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of the written charter of each of these committees is available free of charge on our website at www.mariner-energy.com and in print by contacting the corporate secretary at our principal executive offices at the address on the first page of this proxy statement. Information regarding each committee, including membership, function and the number of meetings held during 2007, follows:

Directors	Audit Committee	Nominating and Corporate Governance Committee	Compensation Committee	Executive Committee
Bernard Aronson	F, I	C, I		
Alan R. Crain, Jr.	F, I	I	I	
Jonathan Ginns	F, I		I	I
John F. Greene		I	C, I	
Scott D. Josey				C
H. Clayton Peterson	A, C, F, I			I

A = audit committee financial expert under SEC rules

C = chairman of the committee

F = financially literate under NYSE listing standards

I = independent under NYSE listing standards and SEC rules

Audit Committee. Each of Messrs. Aronson, Crain, Ginns and Peterson (Chairman) is a member of the audit committee and is independent under NYSE corporate governance listing standards and SEC rules. In addition, our board of directors has determined that Mr. Peterson is an audit committee financial expert, as defined under SEC rules. The board has determined that all members of the audit committee meet the financial literacy requirements of the NYSE corporate governance listing standards. The Audit Committee Report appears under the caption Audit Committee Report in this proxy statement. During 2007, this committee met five times.

The audit committee oversees Mariner's accounting and financial reporting processes, and the annual audit. The audit committee has sole authority to retain, compensate, evaluate and terminate our independent auditors. The audit committee provides assistance to the board of directors in fulfilling its oversight responsibility relating to the integrity of our financial statements, our compliance with legal and regulatory requirements, the independent auditor's qualifications and independence, and the performance of our internal audit function. The committee oversees our system of disclosure controls and procedures and system of internal controls regarding financial, accounting, legal compliance and ethics that management and the board of directors have established. In doing so, it is the responsibility of the committee to maintain free and open communication between the committee and our independent auditors, the internal accounting function and our management.

Nominating and Corporate Governance Committee. Each of Messrs. Aronson (Chairman), Crain and Greene serves on the nominating and corporate governance committee and is independent under NYSE listing standards and SEC rules. During 2007, this committee met two times.

The nominating and corporate governance committee nominates candidates to serve on our board of directors, and nominates directors to serve on the audit committee and compensation committee of the board. The committee is responsible for taking a leadership role in shaping the corporate governance of Mariner. It also is responsible for monitoring a process to assess board effectiveness. The committee oversees our policies and procedures relating to

honest and ethical conduct of our directors, officers and employees, including the Corporate Governance Guidelines, Code of Business Conduct and Ethics, and Related Party Transaction Approval Policy. The committee's policy regarding director candidates nominated by stockholders is described above under Director Nominating Process and Stockholder Proposals.

Compensation Committee. Each of Messrs. Crain, Ginns and Greene (Chairman) serves on the compensation committee and is independent under NYSE listing standards and SEC rules. During 2007, this committee met 14 times.

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The compensation committee reviews the compensation and benefits of our executive officers and non-employee directors, reviews and makes recommendations to the board of directors with respect to our incentive compensation and other stock-based plans, and administers our Stock Incentive Plan. The compensation committee determines and approves, either as a committee or together with other independent directors (as directed by the board), the compensation of our chief executive officer. The committee recommends to the board of directors compensation for our other executive officers. The compensation committee may delegate all or a portion of its duties and responsibilities to a subcommittee of the compensation committee.

Executive Committee. Each of Messrs. Ginns, Josey (Chairman) and Peterson serves on the executive committee. The executive committee may exercise the powers and authority of the Board in managing the business and affairs of the Company when the Board is not in session, subject to our certificate of incorporation, applicable law and any limits on authority determined from time to time by the Board. During 2007, this committee met four times.

COMPENSATION OF DIRECTORS

Under our Corporate Governance Guidelines and Compensation Committee Charter, the compensation committee of the board of directors annually reviews compensation of our non-employee directors. The compensation committee is to consider that directors' independence may be jeopardized if their compensation and perquisites exceed customary levels, if we make substantial charitable contributions to organizations with which a director is affiliated, or if we provide indirect forms of compensation to a director or organization with which he is affiliated. The compensation committee from time to time makes recommendations to the board of directors regarding non-employee director compensation, which must be approved by the board. Directors who are employed by us are not separately compensated for their service as directors.

In 2007, the compensation committee retained an independent compensation consultant, Hay Group, Inc., to assist the committee in its deliberations regarding compensation of our non-employee directors as well as executives. Hay Group compared our non-employee director compensation to that of non-employee directors of the peer group companies identified below under Executive Compensation Compensation Discussion and Analysis Peer Group. Hay Group concluded that our non-employee director compensation was below market and recommended adjustments to target the 75th percentile of peer group compensation for non-employee directors. Hay Group also addressed the difficulties in retaining qualified directors, particularly for newly public companies that need to become compliant with the Sarbanes-Oxley Act of 2002 and the periodic reporting requirements of the Securities Exchange Act of 1934.

The cash compensation adjustments effective May 9, 2007 and the restricted stock grants for non-employee directors reported below reflect the board's approval of Hay Group's recommendations. The board made two restricted stock grants under the Stock Incentive Plan to each non-employee director in 2007. The restricted stock grant of 7,768 shares was the annual grant. The board also made a special one-time grant of 2,589 shares vesting in 2010 in recognition of the challenges of serving on the board during our initial years as a public company, Hay Group's advice that our non-employee director compensation had been below market, and the board's desire to ensure continuity and retention of directors with knowledge of Mariner and its industry.

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During 2007, cash compensation of non-employee members of our board of directors was as follows, paid pro-rata in respect of the period indicated (a compensation component which is not payable for a particular period is indicated as N/A):

Fee Description	Fee per Service January 1, 2007 through May 8, 2007 (\$)	Fee per Service Effective May 9, 2007 (\$)	Period Covered
Non-employee director	50,000	60,000	Annual
Service on audit committee	12,500	N/A	Annual
Chairman of audit committee	20,000	20,000	Annual
Service on committee other than audit committee	5,000	N/A	Annual
Chairman of committee other than audit committee	10,000	N/A	Annual
Chairman of compensation committee	N/A	15,000	Annual
Chairman of committee other than audit or compensation committee	N/A	10,000	Annual
Board meeting (attendance in person or by phone)	1,500	2,000	Per meeting
Committee meeting (attendance in person or by phone)	1,000	1,500	Per meeting

Each director is reimbursed for out-of-pocket expenses in connection with attending meetings of the board or committees.

As reflected in the following table, total non-employee director compensation in 2007 had cash and equity components:

2007 Director Compensation Table

Name	Fees Earned or Paid in Cash (\$)	Stock Awards \$(1)	Total (\$)
Bernard Aronson	126,386	48,277	174,663
Alan R. Crain, Jr.	123,241	41,286	164,527
Jonathan Ginns	136,930	48,277	185,207
John F. Greene	134,934	48,277	183,211
H. Clayton Peterson	140,228	41,250	181,478
John L. Schwager	48,500	55,538	104,038

- (1) Represents the proportionate amount of the total fair value of stock awards recognized by Mariner as an expense in 2007 for financial accounting purposes, disregarding for this purpose the estimate of forfeitures related to service-based vesting conditions. The portion of the grant date fair values of these awards that was so expensed was determined in accordance with Financial Accounting Standards Board Statement of Financial Accounting

Standards No. 123 (revised 2004) *Share-Based Payment* (FAS 123R). The awards for which expense is shown in the above table include awards of restricted shares of our common stock made under our Stock Incentive Plan in 2007 as well as in 2006 for which we continued to recognize expense in 2007. Awards for which expense is shown in the above table for restricted stock awards made

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in 2007 are described in the following table, which also indicates the aggregate number of each director's unvested shares of restricted common stock outstanding as of December 31, 2007:

Name	2007 Restricted Stock Awards (#)(1)	Grant Date Fair Value of 2007 Restricted Stock Awards \$(2)	Shares of Restricted Stock That Have Not Vested (#)(3)
Bernard Aronson	7,768 2,589	146,582 48,855	12,715
Alan R. Crain, Jr.	7,768 2,589	146,582 48,855	12,000
Jonathan Ginns	7,768 2,589	146,582 48,855	12,715
John F. Greene	7,768 2,589	146,582 48,855	12,715
H. Clayton Peterson	7,768 2,589	146,582 48,855	11,982
John L. Schwager(4)	0	0	0

- (1) Each grant of (i) 7,768 shares generally vests one-third on each of the first three successive annual meetings of Mariner's stockholders following the August 9, 2007 grant date if the grantee remains a director, and (ii) 2,589 shares generally vests 100% on the date of the 2010 annual meeting of Mariner's stockholders if the grantee remains a director, except in the case of (i) and (ii), that unvested shares fully vest upon a change in control or if the director dies or becomes disabled. Before vesting, the shares cannot be disposed but may be voted and are entitled to dividends paid to holders of our common stock. Cash dividends, if any, on unvested shares are to be paid no later than (i) the end of the calendar year in which dividends are paid to our common stock holders or (ii) the 15th day of the third month after the date such dividends are paid. Stock dividends result in an automatic proportionate adjustment to the number of unvested shares of restricted stock.
- (2) The dollar amount indicated is the aggregate grant date fair value computed in accordance with FAS 123R. The assumptions used in determining the grant date fair value of these awards are described in note 5 to Mariner's consolidated financial statements included in our annual report on Form 10-K for the year ended December 31, 2007 filed with the SEC.
- (3) The number of shares indicated equals the aggregate number of shares restricted common stock granted under our Stock Incentive Plan that had not vested as of December 31, 2007.
- (4) In connection with the expiration of Mr. Schwager's term as a director on May 9, 2007, our board of directors approved accelerated vesting of the 3,538 shares of restricted common stock granted to him in 2006 under our

Stock Incentive Plan.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This discussion explains executive compensation detailed in the tables and other disclosures that follow below. The disclosures contain specific information regarding compensation amounts and terms for each person serving as our principal executive officer and principal financial officer during 2007, as well as our three other most highly compensated executive officers serving as of December 31, 2007. These officers are identified in the 2007 Summary Compensation Table below. We refer to them as the named executive officers or named executives. This discussion addresses the objectives of our executive compensation, elements of compensation, how we determined the amounts reflected in the tables, and related matters.

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Overview of Objectives and Elements

In connection with our March 2006 acquisition of the Gulf of Mexico operations of Forest Oil Corporation (Forest), our total assets more than tripled, we became a reporting company under the Securities Exchange Act of 1934, and our common stock began trading on the New York Stock Exchange. As part of our evolution in 2006 to a much larger and publicly-traded company, the compensation committee of our board of directors proposed guidelines for compensating our senior executive officers. The proposed guidelines and March 2006 events continued to be factors in considering executive compensation for 2007, particularly our integration of the acquired Forest operations and timely achievement of compliance with Section 404 of the Sarbanes-Oxley Act of 2002 concerning effective internal control over financial reporting.

The main objective of the proposed guidelines is to compensate our senior executives competitively and in a manner responsive to corporate performance so that we may attract, motivate and retain executives who can foster achievement of our business goals. The proposed guidelines contemplate three primary components to an executive's compensation:

an annual base salary,

a near-term incentive in the form of an annual performance bonus, and

a long-term incentive in the form of an annual equity award under our Stock Incentive Plan that vests over a period of years.

These three components together constitute an executive's total direct compensation. Total direct compensation is expected to be determined primarily by reference to our performance against a peer group. It is intended to link executive compensation to our performance and therefore help align the interests of our executives with those of our stockholders. Our executives also receive benefits generally available to all of our salaried employees and minimal perquisites.

The compensation committee's proposed guidelines for compensating all of our senior executives are consistent with guidelines for compensating our chief executive officer contained in our Corporate Governance Guidelines and Compensation Committee Charter. The compensation committee is to consider the performance of the chief executive officer, Mariner's performance and relative stockholder return, compensation paid to chief executive officers of comparable companies, compensation given to our chief executive officer in past years, and recommendations of independent consultants, if any.

Role of Compensation Consultants

The compensation committee has sole authority to retain and terminate any compensation consulting firm. The committee independently retains a compensation consultant to assist the committee in its deliberations regarding executive compensation. Since 2006, consultants to the committee have provided independent, third-party executive compensation reviews, including peer group comparative analyses of total direct compensation and its elements. The consultants also have advised the committee regarding implementation in a given year of its proposed executive compensation guidelines, based largely upon the committee's request for advice to achieve the objectives outlined above.

The consultants have included Longnecker & Associates (Longnecker) in 2006, Mercer Human Resource Consulting, Inc. (Mercer) in 2006 and 2007, and Hay Group, Inc. in 2007 and 2008. With respect to our total direct compensation for 2007, Mercer's assistance covered base salaries, which were set in 2007, and Hay Group's assistance covered annual

performance bonuses and long-term incentives, which were determined in 2008. Hay Group also assisted the committee with 2008 base salaries.

Hay Group is conducting a full evaluation of all aspects of our executive compensation and employment agreements, with a continuing goal to achieve our compensation objectives outlined above while remaining competitive with the external market. The committee has asked for Hay Group's advice regarding base salary, annual bonus, nature and amount of long-term incentives, retirement benefits, perquisites, severance and change-of-control provisions, performance measures for near and long-term incentives, peer group size and constituents, and market data.

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Role of CEO

The compensation committee typically provides to our chief executive officer guidelines regarding compensation of the other named executive officers based upon its deliberations concerning data and recommendations from the compensation consultant. These guidelines usually include information regarding the compensation of the four or five most highly paid executives of our peer group companies. Our chief executive officer then makes recommendations to the compensation committee regarding total direct compensation for each of our other named executives, including base salaries, bonuses and long-term incentive grants. The compensation committee considers, discusses, and as appropriate, modifies and takes action on such recommendations. The compensation committee determines and approves, either as a committee or together with other independent directors (as directed by the board), the compensation of our chief executive officer. The committee recommends to the board of directors compensation for our other executive officers.

Tally Sheets

In considering executive compensation for 2007, the compensation committee analyzed tally sheets prepared by us and Hay Group for each of our executive officers covering 2004, 2005, 2006 and 2007. The tally sheets presented the dollar amount of each component of compensation, including annual base salary, annual bonus, the grant date fair value of equity awards, our annual cost of benefits, and perquisites. The tally sheets included information about equity grants made during those years, including type, amount, vesting status, values and unrealized gains. The tally sheets also presented potential payments upon employment termination or change of control under the executive employment agreements and our equity plans.

The overall purpose of the tally sheets was to aggregate on a uniform basis all of the elements of actual and potential executive compensation. The compensation committee concluded that compensation of the named executives was consistent with its expectations. In respect of total direct compensation for 2007, the committee determined to use an essentially formulaic application of its proposed guidelines, relying primarily on peer group analyses outlined in this compensation discussion and analysis. The committee expects that the data accumulated in the tally sheets will assist it in considering Hay Group's recommendations resulting from the ongoing evaluation of our executive compensation program.

Peer Group

The peer group is selected annually by the compensation committee with the assistance of an independent compensation consultant. Members of the peer group used in determining compensation in respect of 2007 are publicly-traded independent oil and gas companies selected based on annual revenue, market capitalization, total assets, and areas of operation. The committee anticipates that these will continue to be relevant criteria in selecting constituents of the peer group from time to time, and that peer group constituents may change if selection criteria change or circumstances particular to peers or Mariner change. While we anticipate that there will be overlap in the peer groups used for purposes of executive compensation and the stock performance graph in our annual report on Form 10-K, we also anticipate that the criteria for the stock performance graph primarily will focus on publicly-traded independent oil and gas companies with Gulf of Mexico operations, as well as take into account revenue, capitalization and asset considerations.

For purposes of considering in 2007 base salaries for 2007 and total direct compensation in respect of 2006, including annual bonuses and restricted stock awards reported in the 2007 Grants of Plan-Based Awards table below, the peer group was: ATP Oil & Gas Corporation; Bois d'Arc Energy, Inc.; Cimarex Energy Co.; Comstock Resources, Inc.; Energy Partners, Ltd.; Newfield Exploration Company; Plains Exploration & Production Company; Pogo Producing Company; Stone Energy Corporation; St. Mary Land & Exploration Company; Swift Energy Company; and W&T

Offshore, Inc.

With the exception of Pogo Producing Company, which was acquired by peer group member Plains Exploration & Production Company in 2007, the same peer group was used for purposes of considering in 2008 base salaries for 2008 and total direct compensation in respect of 2007, including the annual bonuses reported in the 2007 Summary Compensation Table below and restricted stock awards made in March 2008.

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The compensation committee considered the comparative peer group data provided by Mercer for 2007 base salaries and by Hay Group for 2007 annual bonuses and equity awards and 2008 base salaries.

Total Direct Compensation

As a guideline, the compensation committee recommends that total direct compensation target the same percentile level as the percentile ranking that Mariner achieves when its performance is compared to the peer group. In making this comparison, the committee expects to take into account Mariner's performance against its peers as of the end of the most recently completed fiscal year in certain areas, appropriately weighted. In determining the measurement period, the committee considered that the performance of our business may be influenced by factors occurring over a period greater than one year. For example, results of capital expenditures made during a year to acquire leasehold, or to drill or develop properties may not be reflected in proved reserve growth or production until a later year. Accordingly, the committee measured 2007 performance metrics over the two-year period ended December 31, 2007. In considering total direct compensation for 2007, the committee considered the following six metrics, weighted approximately as indicated (references to appreciation, growth or change compare results over a two-year period as of and for the years ended December 31, 2007 and 2005):

Proved reserves growth per fully diluted share outstanding (20% weight).

Production (MMcfe) growth per fully diluted share outstanding (10% weight).

Finding and development costs (all sources) per Mcfe (20% weight) (calculated by dividing total capital expenditures by total proved reserve changes, including acquisitions).

Gross profit margin (oil and gas sales, minus the sum of operating expenses and general and administrative expenses) per Mcfe (15% weight).

Stock price appreciation (25% weight) (as of December 31, 2005, the last trade of Mariner's common stock on PORTAL™ reported by Friedman, Billings, Ramsey & Co., Inc. was at \$17.75 per share on December 23, 2005).

Change in earnings before interest, taxes, depreciation, depletion, amortization, and exploration expenses (EBITDAX) per fully diluted share outstanding (10% weight).

To illustrate, if after applying these metrics, Mariner ranks in the 75th percentile in weighted average performance against the peer group, the compensation committee would consider whether our total direct compensation for an executive officer's position should be calculated at the 75th percentile of the total direct compensation for a comparable position with our peers.

In respect of 2007, after applying these metrics, the compensation committee determined, in consultation with Hay Group, that Mariner ranked fifth and at approximately the 63rd percentile in weighted average performance against the 11-member peer group which excludes Mariner. Accordingly, the committee proposed, and our board approved, that total direct compensation in respect of 2007 for our executive officers be targeted at the 63rd percentile of the total direct compensation for comparable positions within our peer group.

Salary

Base salary is intended to compensate core competence in the executive role relative to skills, experience and contributions to Mariner. Base salary provides fixed compensation determined by reference to competitive market

practice.

The compensation committee targets an executive's base salary at approximately the 50th percentile level of peer group salaries comparable to his or her position. The committee believes that while salaries should be competitive, they are not the principal motivator for sustained performance. Although base salaries are somewhat conservative, they facilitate focus on performance and above-average incentive compensation opportunities as may be warranted by performance. The 2007 base salaries of the executives included in the

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2007 Summary Compensation Table below and 2008 base salaries were established primarily on this basis. This resulted in base salary increases in 2007 from 2006 levels of approximately 4% for Messrs. Josey and van den Bold, 6% for Mr. Karnes, 13% for Mr. Polasek, and 11% for Mr. Hansen, and base salary increases in 2008 from 2007 levels of approximately 9% for Mr. Josey, 4% for Messrs. Karnes, van den Bold and Hansen, and 3% for Mr. Polasek.

Bonus

The annual performance bonus is intended to link executive compensation with corporate and individual performance. It provides annual performance-based cash incentive compensation to motivate performance that may further our long-term success.

The compensation committee's proposed guidelines contemplate that bonuses be determined by two calculations. The first calculation, which has an approximate 70% weighting, involves corporate performance. The second calculation, which has an approximate 30% weighting, involves individual or team performance. An individual's performance may be measured against a set of personal goals that may be established annually in consultation among the executive, our chief executive officer and the committee, or in the case of the chief executive officer, in consultation with the committee, and in all cases, approved by the committee. Team performance may involve the entire executive management team or segments of it by operational function. Performance weighting and metrics used to measure corporate and individual or team performance may vary from year to year and may be proposed in advance or considered at the time of total direct compensation considerations for a given year.

In respect of 2007, corporate performance was measured by reference to the percentile level at which Mariner ranked against its peers. After applying the criteria used to determine total direct compensation outlined above, Mariner ranked at approximately the 63rd percentile in weighted average performance against the peer group, yielding a bonus opportunity at this level of peer group bonuses. The achievement level for 2007 bonuses was based primarily on performance of the entire executive management team, which was measured by considering whether Mariner had integrated the Forest operations and achieved compliance with Section 404 of the Sarbanes-Oxley Act of 2002. The compensation committee considered the management team's performance on these criteria to be 100%. Accordingly, our executives achieved 100% of their bonus opportunity, with bonuses made at about the 63rd percentile of peer group bonuses. The 2007 bonuses for the named executives listed in the 2007 Summary Compensation Table below were determined primarily on this basis.

Equity Award

The long-term incentive portion of total direct compensation is intended to foster executive retention as well as further link executive compensation with corporate performance. The compensation committee expects that long-term incentives will continue to be in the form of restricted stock awards under our Stock Incentive Plan which is discussed above under Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters Equity Compensation Plan Information. The awards are expected to vest over three to four years in equal annual increments, assuming continued employment, except for certain acceleration events described further below under Employment, Severance and Change-of-Control Arrangements. Assuming that corporate performance is reflected in the value of our common stock and given that restricted stock awards vest over time, the awards may foster executive retention and encourage executives to focus on, and enable them to share in, sustained improvements in corporate performance.

The compensation committee considers allocating to equity awards the difference between total direct compensation and the sum of salaries and bonuses. The sum of salary, bonus plus the grant date fair value of an equity award would be set at the same percentile level as Mariner's rank against its peers. For example, if after applying the metrics used to determine total direct compensation outlined above Mariner ranks at the 75th percentile in weighted average

performance against the peer group, the equity award value would be at a level equal to, or greater than the 75th percentile, depending upon whether the effect of paying salaries at the 50th percentile is offset through the amount of cash bonus (as it was in respect of 2006 compensation) or

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through the amount of equity awarded (as it was in respect of 2007 compensation), and achieve a sum of salary, bonus and equity award consistent with total direct compensation at the 75th percentile.

For 2007 compensation, the compensation committee recommended for each officer, and the Board approved, a restricted stock award under the Stock Incentive Plan with a grant date value equal to the difference between total direct compensation and the sum of salary and bonus. The effect of paying salaries at the 50th percentile was offset through the amount of equity awarded rather than the amount of bonus paid, consistent with a goal of fostering executive focus on long-term corporate performance while achieving 2007 total direct compensation at approximately the 63rd percentile of our peer group. These restricted stock awards were made on March 24, 2008. The number of shares of restricted stock granted to each named executive officer was determined by dividing the indicated amount by the closing price per share of our common stock on the NYSE on March 24, 2008 (\$26.93), resulting in the indicated number of shares:

	Grant Date Value	Number of Shares
Scott D. Josey	\$ 2,580,000	95,804
John H. Karnes	\$ 650,000	24,137
Dalton F. Polasek	\$ 1,250,000	46,417
Mike C. van den Bold	\$ 750,000	27,850
Judd A. Hansen	\$ 750,000	27,850

In determining the restricted stock awards reported in the 2007 Grants of Plan-Based Awards table below, the compensation committee considered equity awards of 115% of the difference between total direct compensation and the sum of salaries and bonuses. To determine the number of shares to award in 2007, the committee used a targeted gain methodology that was based upon the closing price per share of our common stock on the NYSE on the date of grant (May 9, 2007), and assumed 10% annual appreciation, a five-year holding period and a four percent discount rate.

Our Insider Trading Policy, which applies to all of our directors, officers and employees, prohibits certain forms of hedging or monetization transactions, such as zero-cost collars and forward sale contracts, in any way measured by or tied to Mariner's securities.

Other Compensation

Consistent with our focus on total direct compensation, other compensation available to our executive officers is limited primarily to benefits available to all of our salaried employees, minimal perquisites or other personal benefits outlined in note (4) to the 2007 Summary Compensation Table below, and termination and change of control benefits negotiated in 2005.

Employment, Severance and Change-of-Control Arrangements

These arrangements are discussed below under Employment, Severance and Change-of-Control Arrangements. The basis for payments in connection with particular severance and change-of-control events primarily are negotiations with the executives. The employment agreements with the named executives originally were negotiated in 2005, except that the agreement with Mr. Karnes was negotiated when he joined us in 2006. From Mariner's perspective, the 2005 employment agreements were negotiated with a goal of retaining key executives critical to furthering our business objectives at a time when we were contemplating significant transformational transactions. In addition to

executive retention considerations, the change-in-control arrangements were designed to help provide continuity of management in the event of an actual or threatened change in control. From an executive's perspective, the change in control payments contemplated by the 2005 employment agreements, particularly those that may be payable upon an executive's election to terminate employment within nine months of a change of control, give him or her an opportunity to assess employment circumstances after a change in control and the ability to terminate employment with compensation even if there is no adverse change in position, responsibilities or compensation.

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In consultation with Hay Group, the compensation committee is reviewing our executive employment agreements, including severance and change-of-control provisions. Based upon the executive compensation review that Longnecker provided to us in 2006, we believed that the change-of-control payout amounts for our named executive officers were fairly typical. Longnecker reported that chief executive officers typically receive 2.99 times base salary and bonus, their direct reports 2.0 to 2.5 times base salary and bonus, and the next tier 1.5 to 2.0 times base salary and bonus. Its review also reflected that 50% of chief executive officers receive the payment upon a change in control (our chief executive officer receives the payment if he terminates within nine months of a change of control) and 80% of other named executive officers receive the payment upon a change in control coupled with actual or constructive termination (each of our other named executive officers except Mr. Karnes receives the payment if he terminates within nine months of a change in control, and each executive receives the payment upon a termination by us without cause, by him for good reason, or due to disability, in each case before or after a change of control).

The terms of outstanding equity grants made to all of our employees under the Stock Incentive Plan provide for accelerated vesting in the event of a change of control and certain employment terminations. As described below under Employment, Severance and Change-of-Control Arrangements, officer employment agreements also provide for such accelerated vesting.

Tax and Accounting Treatment of Compensation

Section 162(m) of the Internal Revenue Code of 1986, as amended, imposes a \$1 million limit on the amount that a public company may deduct for compensation paid to its chief executive officer or any of its four other most highly compensated executive officers employed as of the end of the year. This limitation does not apply to certain performance-based compensation arrangements approved by stockholders. Our Stock Incentive Plan has been approved by our stockholders and we expect performance-based awards under it to be deductible. With the adoption of FAS 123R, we do not expect accounting treatment of differing forms of equity awards to vary significantly and, therefore, accounting treatment is not expected to have a material effect on the selection of forms of equity compensation in the future.

We will continue to review our executive compensation practices and seek to preserve tax deductions for executive compensation to the extent consistent with our objective of attracting, motivating and retaining executive talent that can foster achievement of our business goals. We also expect to consider the tax and accounting impact of various possible compensation programs to balance the potential cost to us with the benefit or value to the executive.

Table of Contents**Compensation Tables**

The table below summarizes the total compensation for 2007 and 2006 of each of the named executive officers for services rendered in all capacities to us.

2007 Summary Compensation Table

Name and Principal Position	Year	Salary (\$)	Bonus \$(2)	Stock Awards \$(3)	Option Awards \$(3)	All Other Compensation \$(4)	Total (\$)
Scott D. Josey, Chairman of the Board, Chief Executive Officer and President	2007	495,000	925,000	1,135,513	423,740	43,357	3,022,610
	2006	475,000	1,000,000	3,683,423	423,740	23,399	5,605,562
John H. Karnes, Senior Vice President, Chief Financial Officer and Treasurer(1)	2007	250,000	325,000	155,341	0	18,591	748,932
	2006	50,129	166,000	14,097	0	3,666	233,892
Dalton F. Polasek, Chief Operating Officer	2007	340,000	500,000	607,137	216,107	36,886	1,700,130
	2006	300,000	526,000	1,715,411	216,107	19,863	2,777,381
Mike C. van den Bold, Senior Vice President and Chief Exploration Officer	2007	250,000	350,000	410,301	156,784	31,872	1,198,957
	2006	240,000	401,000	1,255,330	156,784	19,102	2,072,216
Judd A. Hansen, Senior Vice President Shelf and Onshore	2007	250,000	400,000	336,420	101,697	30,182	1,118,299
	2006	226,140	401,000	887,570	101,697	20,440	1,636,847

- (1) We employed Mr. Karnes as Senior Vice President, Chief Financial Officer and Treasurer in October 2006. His initial base salary on an annualized basis for 2006 was \$235,000. We agreed that if he remained employed by us until such time in 2007 as bonuses in respect of performance in 2006 were paid to our other officers, then for his services during 2006, we would pay him a guaranteed bonus of not less than \$125,000 and grant him no fewer than 20,000 restricted shares of our common stock, with an expected vesting schedule consistent with the vesting schedule for other officers.
- (2) Includes \$1,000 bonus paid to all Mariner employees except Mr. Josey.
- (3) Represents the proportionate amount of the total fair value of stock and option awards recognized by Mariner as an expense in the year indicated for financial accounting purposes, disregarding for this purpose the estimate of forfeitures related to service-based vesting conditions. The portion of the grant date fair values of these awards that was so expensed was determined in accordance with FAS 123R. The awards for which expense is shown in this table for 2007 include awards made in 2007 described in the Grants of Plan-Based Awards table below as well as awards made in 2005 and 2006 for which we continued to recognize expense in 2007. The awards for

which expense is shown in this table for 2006 include awards made in 2006 as well as awards made in 2005 for which we continued to recognize expense in 2006. The assumptions used in determining the grant date fair value of these awards are described in note 5 to Mariner's consolidated financial statements included in our annual report on Form 10-K for each of the years ended December 31, 2007 and 2006 filed with the SEC.

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(4) Includes the following amounts in respect of 2007:

Name	401(k) Employer Matching Contribution (\$)	401(k) Employer Profit Sharing Contribution (\$)	Disability-related Insurance Premiums (\$)	Life Insurance Premiums (\$)	Perquisites and Other Personal Benefits (\$)	Total (\$)
Scott D. Josey	7,750	9,000	4,949	2,650	19,008	43,357
John H. Karnes	7,750	9,000	1,841			18,591
Dalton F. Polasek	7,750	9,000	2,563		17,573	36,886
Mike C. van den Bold	7,750	9,000	1,802		13,320	31,872
Judd A. Hansen	7,750	9,000	3,140		10,292	30,182

We provide all our salaried employees life insurance equal to twice base salary, up to a maximum benefit of \$700,000, except that under Mr. Josey's employment agreement, we agree to provide life insurance equal to twice base salary. Perquisites and personal benefits include for (i) Messrs. Josey, Polasek, van den Bold and Hansen, our 2007 executive retreat (travel, lodging, meals and entertainment), (ii) Messrs. Josey, Polasek and van den Bold, club memberships, (iii) Mr. Polasek, personal use of sports tickets, and (iv) Messrs. van den Bold and Hansen, personal airfare.

The following tables provide information about equity awards granted to the named executive officers in 2007, outstanding at December 31, 2007, and exercised or vested in 2007.

2007 Grants of Plan-Based Awards

Name	Grant Date	All Other Stock Awards: Number of Shares of Stock or Units (#)(1)	Grant Date Fair Value of Stock Awards \$(2)
Scott D. Josey	5/9/2007	128,319	2,900,009
John H. Karnes	5/9/2007	22,124	500,002
Dalton F. Polasek	5/9/2007	64,159	1,449,993
Mike C. van den Bold	5/9/2007	39,823	900,000
Judd A. Hansen	5/9/2007	37,611	850,008

(1) The stock awards are restricted shares of our common stock granted in 2007 under our Stock Incentive Plan pursuant to a restricted stock agreement. The restricted stock generally vests 25% on each of the first four anniversaries of the date of grant if the executive then remains employed by us, except that unvested shares fully vest upon a change in control or termination of his employment by us without cause, by him for good reason, or due to his disability or death. Before vesting, the shares cannot be disposed but may be voted and entitled to dividends paid to holders of our common stock. Cash dividends, if any, on unvested shares are to be paid no later than (i) the end of the calendar year in which dividends are paid to our common stock holders or (ii) the

15th day of the third month after the date such dividends are paid. Stock dividends result in an automatic proportionate adjustment to the number of unvested shares of restricted stock.

- (2) The dollar amount indicated is the aggregate grant date fair value computed in accordance with FAS 123R. The assumptions used in determining the grant date fair value are described in note 5 to Mariner's consolidated financial statements included in our annual report on Form 10-K for the year ended December 31, 2007 filed with the SEC.

Table of Contents**2007 Outstanding Equity Awards at Fiscal-Year End**

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options Exercisable (#)(1)	Number of Securities Underlying Unexercised Options Unexercisable (#)(1)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)(2)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(3)
Scott D. Josey	133,334	66,666	14.00	3/11/2015	229,305	5,246,498
John H. Karnes	0	0	0		33,374	763,597
Dalton F. Polasek	68,000	34,000	14.00	3/11/2015	120,614	2,759,648
Mike C. van den Bold	49,334	24,666	14.00	3/11/2015	79,929	1,828,776
Judd A. Hansen	32,000	16,000	14.00	3/11/2015	67,755	1,550,234

- (1) Each option was granted on March 11, 2005 under our Stock Incentive Plan pursuant to an option agreement. The options vested one third on each of the first three anniversaries of the date of grant and were fully vested as of March 11, 2008. Vested options cease to be exercisable three months after termination of executive's employment by us without cause or by him for good reason, one year after termination due to disability or death, and upon termination in any other circumstance.
- (2) Each stock award is of restricted shares of our common stock granted under our Stock Incentive Plan pursuant to a restricted stock agreement. The restricted stock generally vests 25% on each of the first four anniversaries of the date of grant if the executive then remains employed by us, except that unvested shares fully vest upon a change in control or termination of his employment by us without cause, by him for good reason, or due to his disability or death. Grant dates are as follows:

Name	Number of Shares or Units of Stock That Have Not Vested (#)	Grant Date
Scott D. Josey	128,319	5/9/2007
	100,986	5/9/2006
John H. Karnes	22,124	5/9/2007
	11,250	10/23/2006
Dalton F. Polasek	64,159	5/9/2007

	56,455	5/9/2006
Mike C. van den Bold	39,823	5/9/2007
	40,106	5/9/2006
Judd A. Hansen	37,611	5/9/2007
	30,144	5/9/2006

Subject to such accelerated vesting, each grant made on (i) May 9, 2007 vests 25% on each of May 9, 2008, 2009, 2010 and 2011, (ii) October 23, 2006 vests 25% on each of October 23, 2007, 2008, 2009 and 2010, and (ii) May 9, 2006 vests 25% on each of May 9, 2007, 2008, 2009 and 2010.

(3) Based upon the \$22.88 closing price per share of Mariner's common stock on the NYSE on December 31, 2007.

Table of Contents**2007 Option Exercises and Stock Vested**

Name	Stock Awards	
	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting (\$)(1)
Scott D. Josey	33,663	760,784
John H. Karnes	3,750	87,375
Dalton F. Polasek	18,819	425,309
Mike C. van den Bold	13,369	302,139
Judd A. Hansen	10,048	227,085

(1) Based upon the closing price per share of Mariner's common stock on the NYSE of (i) \$22.60 on the May 9, 2007 vesting date for Messrs. Josey, Polasek, van den Bold and Hansen, and (ii) \$23.30 on the October 23, 2007 vesting date for Mr. Karnes.

Employment, Severance and Change-of-Control Arrangements

We have employment agreements with our executive officers. Each employment agreement automatically renews for an additional one-year term on each March 2 for Messrs. Josey, Polasek, van den Bold and Hansen, and each October 15 for Mr. Karnes, in each case, unless 90 days' prior notice is given.

The employment agreements provide for a base salary that may be adjusted annually in the sole discretion of Mariner's Board of Directors and a discretionary annual performance bonus. Discretionary salary adjustments and bonuses are based on market survey data, corporate performance, and the executive's performance. The agreements also provide for participation in our benefit plans and programs. Mr. Josey's agreement additionally provides for life insurance equal to two times his base salary.

Severance Benefits

Under the employment agreements, we agree to provide the following severance benefits if we terminate the executive's employment without cause or upon his disability, he terminates his employment for good reason, or in the case of Mr. Josey, we do not renew his agreement:

a lump sum severance payment equal to 2.99 (for Messrs. Josey and Karnes) or 2.5 (for Messrs. Polasek, van den Bold and Hansen) times the sum of his base salary plus his three-year average annual bonus;

health care coverage for the executive, his spouse and dependents for two years (for Messrs. Josey and Polasek) or 18 months (for Messrs. Karnes, van den Bold and Hansen) after termination under our group health plan on the same basis as our active executive employees (except to the extent another employer's group health care coverage is available), provided that the executive must reimburse us for his portion of the premium on a monthly basis; and

50% vesting of rights under equity plans (to the extent then less than 50% vested), including our Stock Incentive Plan. Specific awards under equity plans vest in accordance with their terms. For example, see note (1) to each of the Grants of Plan-Based Awards table and Outstanding Equity Awards at Fiscal-Year End table above, regarding vesting terms of outstanding restricted stock and options.

To be eligible for severance under the employment agreements, the executive must agree in writing to waive and release claims against us arising before termination. He also must keep in confidence and not use our confidential information for two years after termination. If within one year after an executive's termination our Board of Directors determines cause existed before, on or after the termination, he is ineligible for severance and must return to us any severance paid.

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The employment agreements define *cause*, *good reason* and *disability* as follows:

We can terminate the executive's employment for *cause* if he:

- (1) is grossly negligent in performing his duties, materially mismanages the performance of his duties, or materially fails or is unable (other than due to death or disability) to perform his duties,
- (2) commits any act of willful misconduct or material dishonesty against us or any act that results in, or could reasonably be expected to result in, material injury to our reputation, business or business relationships,
- (3) materially breaches the agreement, any fiduciary duty owed to us, or any written policies applicable to him,
- (4) is convicted of, or enters a plea bargain, a plea of *nolo contendere* or settlement admitting guilt for, any felony, any crime of moral turpitude, or any other crime that could reasonably be expected to have a material adverse impact on us or our reputation, or
- (5) materially violates any federal law regulating securities (without having relied on the advice of our legal counsel to perform certain required acts) or is subject to any final order, judicial or administrative, obtained or issued by the SEC, for any securities violation involving fraud.

The executive can terminate his employment for *good reason* if, without his consent:

- (1) we materially breach the agreement,
- (2) we require him to relocate outside of the Houston metropolitan area,
- (3) our successor fails to assume the agreement by the time it acquires substantially all of our equity, assets or businesses,
- (4) we materially reduce the executive's title, responsibilities, or duties, or
- (5) we assign to the executive any duties materially inconsistent with his office.

We can terminate the executive's employment due to a *disability* if he has sustained sickness or injury that renders him incapable, with reasonable accommodation, of performing the duties and services required of him for 90 (60 in Mr. Josey's case) consecutive calendar days or a total of 120 calendar days during any 12-month period.

Change of Control Benefits

The employment agreements provide for the following change-of-control benefits:

Upon a change of control that occurs while the executive is employed, or within nine months after he terminates his employment for good reason or we terminate his employment without cause, he becomes 100% vested in unvested rights under equity plans.

The employment agreements with Messrs. Josey, Polasek, van den Bold and Hansen provide that if:

- (1) he terminates his employment with or without good reason within nine months after a change of control occurs while he is employed,
- (2) we terminate his employment without cause within nine months after a change of control occurs while he is employed, or
- (3) a change of control occurs within nine months after we terminate his employment without cause or he terminates his employment for good reason,

then he becomes entitled to a lump sum payment equal to 2.99 (for Mr. Josey) or 2.5 (for Messrs. Polasek, van den Bold and Hansen) times the sum of his base salary plus his three-year average annual bonus, less

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any severance previously paid in respect of our termination without cause or his termination for good reason.

If within one year after an executive's termination our Board of Directors determines cause existed before, on or after the termination, he is ineligible for these change-of-control benefits and must return to us any benefits paid.

Under the employment agreements, a *change of control* means:

the acquisition by any person or group of affiliated or associated persons of more than 35% of the voting power of our stock,

the consummation of a sale of all or substantially all of our assets,

our dissolution, or

the consummation of any merger, consolidation, or reorganization involving us in which, immediately after giving effect to the transaction, less than 51% of the total voting power of outstanding stock of the surviving or resulting entity is then beneficially owned (within the meaning of Rule 13d-3 under the Exchange Act) in the aggregate by our stockholders immediately before the transaction.

The merger of our subsidiary with a subsidiary of Forest Oil Corporation on March 2, 2006 resulted in a change of control under then outstanding employment agreements. Each executive officer of Mariner as of March 2, 2006 became entitled to receive a cash payment of \$1,000 in exchange for waiving certain rights under his or her employment agreement that otherwise would have applied as a result of the merger. Rights waived included accelerated vesting of restricted stock and options upon the merger, and the right to receive a lump sum cash payment if the officer terminated his or her employment with or without good reason within nine months after the merger.

The employment agreements with Messrs. Karnes and Hansen prohibit the executive from soliciting our employees for employment during the year following his termination, except that these non-solicitation provisions cease to apply after a change of control, a termination by us without cause or a termination by the executive for good reason. As a result of the change of control upon the merger of our subsidiary with a subsidiary of Forest Oil Corporation, the non-solicitation provisions of employment agreements with the other named executive officers ceased to apply on March 2, 2006.

Table of Contents**Potential Payments Upon Termination or Change of Control**

The following table estimates the value of the termination payments and benefits that each of our named executive officers would receive if his employment terminated or a change of control occurred on December 31, 2007 under the circumstances shown and making the indicated assumptions. The table excludes (i) amounts accrued through December 31, 2007 that would be paid in the normal course of continued employment, such as accrued but unpaid salary and earned annual bonus for 2007, and (ii) benefits generally available to all of our salaried employees.

Name	Benefit	Before or	Change of	Upon or	Termination	
		After		within	for	Death
		Change of	Control	9 Months	Disability	(\$)
		Termination	Change of	After		
		Without	Control	Change of		
		Cause or	Control	Control	Without	
		by	Control	Termination	Good	
		Executive	Control	by	Reason	
		for	Without	Executive	Reason	
		Good	Termination	Without	Reason	
		Reason	(\$)	Good	Reason	
		(\$)	(\$)	Reason	(\$)	
Scott D. Josey	Severance Pay	4,220,883	0	4,220,883	4,220,883	0
	Accelerated Option Vesting(1)	0	591,994	591,994	591,994	591,994
	Accelerated Stock Vesting(2)	5,246,498	5,246,498	5,246,498	5,246,498	5,246,498
	Health Benefits Continuation(3)	38,963	0	0	0	0
	Disability Insurance(4)	0	0	0	4,654,500	0
	Life Insurance(5)	0	0	0	0	990,000
	Tax Gross Up(6)	0	0	0	N/A	N/A
	Total	9,506,344	5,838,492	10,059,375	14,713,875	6,828,492
John H. Karnes	Severance Pay	1,243,840	0	0	1,243,840	0
	Accelerated Stock Vesting(2)	763,597	763,597	0	763,597	763,597
	Health Benefits Continuation(3)	29,222	0	0	0	0
	Disability Insurance(4)	0	0	0	4,343,092	0
	Tax Gross Up(6)	589,693	0	0	N/A	N/A
	Total	2,626,352	763,597	0	6,350,529	763,597

Dalton F. Polasek	Severance Pay	2,021,667	0	2,021,667	2,021,667	0
	Accelerated Option Vesting(1)	0	301,920	301,920	301,920	301,920
	Accelerated Stock Vesting(2)	2,759,648	2,759,648	2,759,648	2,759,648	2,759,648
	Health Benefits Continuation(3)	38,963	0	0	0	0
	Disability Insurance(4)	0	0	0	2,241,000	0
	Tax Gross Up(6)	0	0	0	N/A	N/A
	Total	4,820,278	3,061,568	5,083,235	7,324,235	3,061,568
Mike C. van den Bold	Severance Pay	1,505,000	0	1,505,000	1,505,000	0
	Accelerated Option Vesting(1)	0	219,034	219,034	219,034	219,034
	Accelerated Stock Vesting(2)	1,828,776	1,828,776	1,828,776	1,828,776	1,828,776
	Health Benefits Continuation(3)	18,731	0	0	0	0
	Disability Insurance(4)	0	0	0	3,850,077	0
	Tax Gross Up(6)	0	0	0	N/A	N/A
	Total	3,352,507	2,047,810	3,552,810	7,402,887	2,047,810
Judd A. Hansen	Severance Pay	1,384,167	0	1,384,167	1,384,167	0
	Accelerated Option Vesting(1)	0	142,080	142,080	142,080	142,080
	Accelerated Stock Vesting(2)	1,550,234	1,550,234	1,550,234	1,550,234	1,550,234
	Health Benefits Continuation(3)	18,255	0	0	0	0
	Disability Insurance(4)	0	0	0	2,551,250	0
	Tax Gross Up(6)	0	0	0	N/A	N/A
	Total	2,952,656	1,692,314	3,076,481	5,627,731	1,692,314

(1) Based upon the difference between the closing price per share of Mariner's common stock on the NYSE on December 31, 2007 of \$22.88 and the \$14.00 exercise price per share of the option (or \$8.88), multiplied by the number of shares underlying the option that would vest and assumed are exercised upon occurrence of the event indicated on December 31, 2007.

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- (2) Based upon the closing price per share of Mariner's common stock on the NYSE on December 31, 2007 of \$22.88, multiplied by the number of shares of restricted stock that would vest upon occurrence of the event indicated on December 31, 2007.
- (3) The indicated amount is the estimated aggregate monthly premiums payable by us for continued group health coverage for 24 months (Messrs. Josey and Polasek) or 18 months (Messrs. Karnes, van den Bold and Hansen) after December 31, 2007 and excludes the monthly premium payable by executive. The amount indicated assumes continuation of the same health care coverage executive had in effect on December 31, 2007.
- (4) Assumes executive is terminated on December 31, 2007 because he has been completely and catastrophically disabled for at least 90 days and remains so for the maximum benefit period which begins upon termination and continues until executive is age 65. The amount indicated is the estimated aggregate amount of benefits executive would receive during this period under our group long term disability policy and various supplemental disability policies, assuming satisfaction of conditions for payment.
- (5) Under his employment agreement, we agree to provide Mr. Josey life insurance equal to two times his base salary.
- (6) Each executive's employment agreement provides that he is entitled to a full tax gross-up payment if the aggregate payments and benefits to be provided constitute a parachute payment subject to a Federal excise tax. This tax applies to certain payments made in connection with a change of control.

COMPENSATION COMMITTEE REPORT

The compensation committee of Mariner's board of directors has reviewed and discussed with Mariner's management the Compensation Discussion and Analysis included in this proxy statement. Based on these reviews and discussions, the compensation committee recommended to the board of directors that the Compensation Discussion and Analysis be included in this proxy statement.

Members of the Compensation Committee:

John F. Greene (Chairman)
Alan R. Crain
Jonathan Ginns

This report shall not be deemed to be 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, and shall not otherwise be deemed filed under such acts.

**COMPENSATION COMMITTEE
INTERLOCKS AND INSIDER PARTICIPATION**

The following directors served on the compensation committee of our board of directors during 2007: Alan R. Crain, Jonathan Ginns, John F. Greene and John L. Schwager. None of such persons was an officer or employee of Mariner during 2007 or at any time in the past, or had any relationship requiring disclosure under Transactions with Related Persons in this proxy statement.

TRANSACTIONS WITH RELATED PERSONS

Overriding Royalty Interests

We have obligations concerning overriding royalty interest (ORRI) arrangements with four of our officers that are summarized below. The nominating and corporate governance committee of our board of directors has approved and ratified these ORRI arrangements pursuant to the Related Party Transaction Approval Policy described below under

Policies. The committee considered that our ongoing obligations and the officers' ongoing rights under these arrangements were established in 2002, that these rights and obligations continue to

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exist regardless of the relationship of the parties to one another, that these rights and obligations have not had in the last three years and do not have any relationship to the performance of these officers in their capacity as officers or employees of Mariner, and that there were valid business reasons for us to enter into the original arrangements.

In 2002, two of our current executive officers, Dalton F. Polasek, Chief Operating Officer, and Judd A. Hansen, Senior Vice President Shelf and Onshore, received assignments of ORRIs in certain leases acquired by us. A consulting company owned in part by Mr. Polasek was assigned a 2% ORRI from us in four federal offshore leases as partial consideration for having brought the related prospect to us. With our knowledge and consent, the consulting company subsequently assigned portions of the ORRIs to Mr. Hansen and a company owned by Mr. Polasek. At the time of the assignments, Messrs. Polasek and Hansen served Mariner as officers and consultants but were not employed by Mariner. No payments were made in respect of these ORRIs until 2004, when each received less than \$60,000 with respect to his ORRI. In 2007, Mariner paid \$77,480 to each of Messrs. Polasek (through an entity owned by him) and Hansen in respect of these ORRIs. Mariner made no such payments in 2005 or 2006.

We may have obligations under previously terminated employment and consulting agreements to assign additional ORRIs in some of our oil and natural gas prospects to current and former employees and consultants. Cory L. Loegering, Senior Vice President Deepwater, and Richard A. Molohon, Vice President Reservoir Engineering, are the only current executive officers who may be entitled to receive ORRIs from time to time under any of these agreements. Mariner made net cash payments to each of Mr. Loegering of \$638,055, \$493,186 and \$378,312 in 2007, 2006 and 2005, respectively, and Mr. Molohon of \$480,260, \$369,863, and \$282,153 in 2007, 2006 and 2005, respectively, in respect of ORRIs assigned from time to time pursuant to an ongoing right to receive such ORRIs that was established in 2002 when these officers ceased participating in our ORRI Incentive Compensation Program.

All ORRIs assigned to these parties are excluded from Mariner's interests evaluated in our reserve report.

Policies

We recognize that transactions between Mariner and any of its directors or executives can present potential or actual conflicts of interest and create the appearance that our decisions are based on considerations other than the best interests of Mariner and its stockholders. Therefore, as a general matter and in accordance with our Code of Business Conduct and Ethics, which applies to our directors, officers and employees, it is Mariner's preference to avoid such transactions. Nevertheless, we recognize that there are situations where such transactions may be in, or may not be inconsistent with, Mariner's best interests. Therefore, the audit committee has adopted a formal policy which requires the nominating and corporate governance committee to review and, if appropriate, to approve or ratify related party transactions.

Pursuant to our Related Party Transaction Approval Policy, the nominating and corporate governance committee will review transactions in which Mariner participates, the amount involved is expected to exceed \$120,000, and any of our directors or executives, or any holder of more than five percent of our common stock, has a direct or indirect interest. In determining whether to approve a related party transaction, the nominating and corporate governance committee will consider relevant factors, such as:

whether the terms are fair to us and no less favorable than those obtainable under similar circumstances if a related person is not involved;

whether there are business reasons for us to enter into the transaction;

whether the transaction is material, considering the (i) interest of each related person in the transaction, (ii) relationship of each such related person to the transaction and each other, (iii) dollar amount involved, and

(iv) significance of the transaction to our investors in light of all the circumstances;

whether the transaction would impair the independence of an outside director of Mariner; and

whether the transaction would present an improper conflict of interest for a director or executive officer of Mariner, considering the (i) size of the transaction, (ii) overall financial position of the director or

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executive officer, (iii) direct or indirect nature of the director's or executive officer's interest in the transaction, and (iv) ongoing nature of any proposed relationship.

Certain transactions have been pre-approved or ratified under the policy, including:

executive compensation arrangements approved, or recommended to our board of directors for approval, by the compensation committee,

director compensation arrangements approved by our board of directors,

a transaction between us and another entity in which a related person has a relationship solely as a director, a less than five percent equity holder, or an employee (other than an executive officer),

a transaction between us and another entity in which a related person has a relationship if the aggregate amount involved does not, in any single fiscal year, exceed the greater of \$1 million or two percent of that entity's consolidated annual revenues,

a transaction in which a related person has an interest solely as a holder of our equity securities and all holders receive the same benefit on a pro rata basis, and

transactions available to our employees generally.

RATIFICATION OF SELECTION OF INDEPENDENT AUDITORS

Under the Audit Committee Charter, the audit committee of our board of directors has sole authority to retain, compensate, evaluate and terminate Mariner's independent auditors. Our independent auditors report directly to the audit committee. The audit committee has selected Deloitte & Touche LLP as Mariner's independent auditors for the current fiscal year ending December 31, 2008. Although ratification by the stockholders of this selection is not required by law or Mariner's bylaws, the audit committee believes it is appropriate to seek stockholder ratification of the selection in light of the critical role played by the independent auditors in auditing Mariner's financial statements and the effectiveness of its internal control over financial reporting. If this selection is not ratified at the annual meeting, the audit committee intends to reconsider its selection of independent auditors for the fiscal year ending December 31, 2008.

Our board of directors recommends a vote FOR the ratification of the selection of Deloitte & Touche LLP as Mariner's independent auditors for the fiscal year ending December 31, 2008.

Deloitte & Touche LLP served as Mariner's independent auditors for the fiscal year ended December 31, 2007. Representatives of Deloitte & Touche are expected to be present at this annual meeting, will have an opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Audit and Non-Audit Fees

Audit Fees. The aggregate fees billed by Deloitte & Touche LLP for professional services rendered for the audit of Mariner's financial statements for 2007 and 2006, and the reviews of Mariner's financial statements included in its quarterly reports on Form 10-Q filed with the SEC during 2007 and 2006 were approximately \$893,000 for 2007 and \$427,000 for 2006.

Audit-Related Fees. The aggregate fees billed by Deloitte & Touche LLP for assurance and related services that are reasonably related to the performance of the audit or review of Mariner's financial statements and are not reported above under the caption "Audit Fees" were approximately \$719,000 in 2007 and \$629,000 in 2006. These services primarily related to our private placement of debt, registration statements we filed with the SEC, and consultations with us regarding Section 404 of the Sarbanes-Oxley Act of 2002.

Tax Fees. Deloitte & Touche LLP billed no fees in 2007 or 2006 for professional services to Mariner for tax compliance, tax advice or tax planning.

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All Other Fees. The aggregate fees billed by Deloitte & Touche LLP in 2007 for professional services provided to Mariner that are not reported above under the captions Audit Fees and Audit-Related Fees were approximately \$55,000 related to potential acquisition due diligence work. Deloitte & Touche LLP billed no other fees in 2007 or 2006 for products and services it provided to Mariner that are not reported above under the captions Audit Fees and Audit-Related Fees.

Audit Committee Pre-Approval of Audit and Non-Audit Services

Under the Audit Committee Charter, the audit committee of our board of directors must approve in advance (1) the retention of independent auditors for the performance of all audit and lawfully permitted non-audit services, and (2) the fees to be paid for such services. The audit committee must pre-approve any audit services and any permissible non-audit services to be provided by our independent auditors on our behalf that do not fall within any exception to the pre-approval requirements established by the SEC. The Audit Committee Charter specifies certain non-audit services that under the Sarbanes-Oxley Act of 2002 cannot be performed by our independent auditors.

AUDIT COMMITTEE REPORT

The audit committee oversees Mariner's financial reporting process on behalf of the board of directors. Management is responsible for Mariner's financial statements and the financial reporting process, including implementing and maintaining effective internal control over financial reporting and for the assessment of, and reporting on, the effectiveness of internal control over financial reporting. The independent auditor is responsible for expressing an opinion on the fairness of the presentation of Mariner's audited financial statements in conformity with accounting principles generally accepted in the United States. The independent auditor also is responsible for expressing an opinion on the effectiveness of Mariner's internal control over financial reporting. The audit committee meets with the independent auditor, with and without management present, to discuss the results of the independent auditor's examinations, its evaluation of Mariner's internal control over financial reporting and the overall quality of Mariner's financial reporting.

In fulfilling its oversight responsibilities, the audit committee has reviewed and discussed with management and Deloitte & Touche LLP, Mariner's independent auditor for 2007, Mariner's audited financial statements for the year ended December 31, 2007. The audit committee has discussed with Deloitte & Touche various matters under applicable auditing standards, including information regarding the scope and results of the audit and other matters required to be discussed by Statement on Auditing Standards No. 61, as amended (AICPA Professional Standards, Vol. 1, AU§ 380), *Communication with Audit Committees*. The audit committee has received the written disclosures and the letter from Deloitte & Touche required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*, and has discussed with Deloitte & Touche its independence from Mariner and its management. The audit committee also has considered the compatibility of any non-audit services with the auditor's independence.

Based on the review and discussions referred to above, the audit committee recommended to the board of directors, and the board has approved, that the audited financial statements for fiscal 2007 be included in Mariner's Annual Report on Form 10-K for the year ended December 31, 2007 for filing with the SEC.

Members of the Audit Committee

H. Clayton Peterson (Chairman)
Bernard Aronson
Alan R. Crain, Jr.
Jonathan Ginns

This report shall not be deemed to be 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, and shall not otherwise be deemed filed under such acts.

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SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires our directors and executive officers and beneficial owners of more than 10% of our common stock to file with the SEC initial reports of ownership and reports of changes in ownership of our common stock. SEC rules require these persons to furnish us copies of all Section 16(a) reports they file. To our knowledge, based solely on a review of the copies of such reports furnished to us during 2007 and written representations that no other reports were required with respect to 2007, these persons complied with applicable Section 16(a) filing requirements, except that each of directors Bernard Aronson and Jonathan Ginns filed a Form 4 for one transaction one day late; a Form 4 reporting a June 5, 2007 sale of 18,527 shares filed on June 8, 2007 was due June 7, 2007.

ADDITIONAL INFORMATION

Stockholder Proposals for 2008 Annual Meeting

In order for a stockholder proposal to have been properly submitted for presentation at this annual meeting, we must have received such proposal not later than December 11, 2007 (the 120th day before April 9, 2008, the anniversary date of the proxy statement for the 2007 annual meeting). We received no such notice, and therefore no stockholder proposals will be presented at this annual meeting.

Stockholder Proposals for 2009 Proxy Statement

If you wish to present a proposal for inclusion in our proxy material for consideration at our annual meeting to be held in 2009, you must submit the proposal in writing to the corporate secretary at our principal executive offices at the address on the first page of this proxy statement, and we must receive your proposal not later than December 2, 2008 (the 120th day before April 1, 2009, the anniversary date of the proxy statement for this year's annual meeting). That proposal must comply with Section 8 of Article II of our bylaws and, if it is to be included in our proxy materials, Rule 14a-8 under the Securities Exchange Act of 1934. Please also refer to Corporate Governance Stockholder Proposals.

Delivery of Proxy Statement

The SEC has adopted rules that permit companies and intermediaries (such as brokers) to satisfy the delivery requirements for proxy statements with respect to two or more security holders sharing the same address by delivering a single proxy statement addressed to those security holders. This process, which is commonly referred to as householding, potentially means extra convenience for security holders and cost savings for companies. This year, a number of brokers with account holders who are Mariner stockholders will be householding our proxy materials. A single proxy statement will be delivered to multiple stockholders sharing an address unless contrary instructions have been received from the affected stockholder. Once you have received notice from your broker that they will be householding communications to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement, please notify your broker or direct your written request to us at our principal executive offices at the address on the first page of this proxy statement. We will promptly deliver a separate copy to you upon request.

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Annual Report

Our Annual Report to Stockholders for the fiscal year ended December 31, 2007, which includes our financial statements and accompanies this proxy statement, does not form any part of the materials for the solicitation of proxies.

You may obtain a copy of (i) our Annual Report to Stockholders and (ii) our Annual Report on Form 10-K for the fiscal year ended December 31, 2007, in each case, including any financial statements and schedules and exhibits thereto, without charge by submitting a written request to the corporate secretary at our principal executive offices at the address on the first page of this proxy statement.

By Order of the Board of Directors
of Mariner Energy, Inc.
Teresa G. Bushman,
Senior Vice President, General Counsel
and Secretary

Houston, Texas
April 1, 2008

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___ FOLD AND DETACH HERE AND READ THE REVERSE SIDE ___ PROXY MARINER ENERGY, INC. One BriarLake Plaza, Suite 2000 2000 West Sam Houston Parkway South Houston, Texas 77042 THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS This Proxy is accompanied by a Proxy Statement describing the proposals to be voted upon. The undersigned hereby appoints Scott D. Josey, John H. Karnes and Teresa G. Bushman, or any of them, with full power of substitution, to represent and to vote as designated on the reverse side, all the shares of Mariner Energy, Inc. held of record by the undersigned on March 10, 2008 at the annual meeting of stockholders to be held on April 30, 2008 or at any adjournment thereof, with all the powers the undersigned would have if personally present, as set forth on the reverse side. THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER. IF NO SPECIFIC DIRECTION IS GIVEN, THE PROXY WILL BE VOTED FOR THE PROPOSALS SET FORTH ON THE REVERSE SIDE. The proxies are authorized to vote in their discretion upon such other matters as may properly be brought before the annual meeting of stockholders or any adjournment or postponement of it. PLEASE MARK, SIGN, DATE AND RETURN THE PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE. Change of Address and/or Comments (Continued, and to be marked, signed and dated, on the reverse side)

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X Please mark your votes like this ___ FOLD AND DETACH HERE AND READ THE REVERSE SIDE ___

2. Auditor Ratification Proposal FOR AGAINST ABSTAIN Ratification of selection of Deloitte & Touche LLP as independent auditors for the fiscal year ending December 31, 2008. COMPANY ID: PROXY NUMBER: ACCOUNT NUMBER: Signature Signature Date , 2008. NOTE: Please sign exactly as name(s) appear above. Joint owners should each sign. When signing in a representative capacity, please give full title. Your signature serves as acknowledgement of receipt of the accompanying Proxy Statement which describes the above proposals. PROXY BY MAIL THIS PROXY WILL BE VOTED AS DIRECTED, OR IF NO DIRECTION IS INDICATED, WILL BE VOTED FOR THE PROPOSALS. THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS. 1. Election of directors 01 Jonathan Ginns (term will expire in 2011) 02 Scott D. Josey (term will expire in 2011) The Board of Directors recommends a vote FOR the nominees listed. The Board of Directors recommends a vote FOR Proposal 2. FOR WITHHOLD FOR WITHHOLD IF YOU WISH TO VOTE ELECTRONICALLY PLEASE READ THE INSTRUCTIONS ABOVE. For address changes and/or comments, please check this box and write them on the back where indicated. VOTE BY INTERNET OR TELEPHONE QUICK ___ EASY ___ IMMEDIATE Vote Your Proxy on the Internet: Go to www.continentalstock.com Have your proxy card available when you access the above website. Follow the prompts to vote your shares. Vote Your Proxy by Phone: Call 1 (866) 894-0537 Use any touch-tone telephone to vote your proxy. Have your proxy card available when you call. Follow the voting instructions to vote your shares. Vote Your Proxy by mail: Mark, sign, and date your proxy card, then detach it, and return it in the postage-paid envelope provided. MARINER ENERGY, INC. PLEASE DO NOT RETURN THE PROXY CARD IF YOU ARE VOTING ELECTRONICALLY OR BY PHONE OR OR As a stockholder of Mariner Energy, Inc., you have the option of voting your shares electronically through the Internet or on the telephone, eliminating the need to return the proxy card. Your electronic vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed, dated and returned the proxy card. Votes submitted electronically over the Internet or by telephone must be received by 7:00 p.m., Eastern Time, on April 29, 2008.