Resolute Energy Corp
Form 424B3
June 24, 2010

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Filed pursuant to Rule 424(b)(3)
Registration No. 333-166142

PROSPECTUS

RESOLUTE ENERGY CORPORATION

This prospectus relates to the issuance by us of 48,400,000 shares of our common stock, par value $0.0001 per share, of Resolute Energy Corporation, a Delaware corporation (the Company), of which:

27,600,000 shares (the Public Warrant Shares) are issuable upon the exercise of outstanding Warrants issued to the public (the Public Warrants);

7,000,000 shares (the Sponsor Warrant Shares) are issuable upon the exercise of outstanding Warrants held by certain persons (the Sponsor s Warrants); and

13,800,000 shares (the Founder Warrant Shares) are issuable upon the exercise of 13,800,000 outstanding Warrants held by certain persons (the Founder s Warrants and, together with the Public Warrants and the Sponsor s Warrants, the Warrants).

The Warrants were all issued on September 25, 2009 pursuant to a prospectus dated September 14, 2009. Each Warrant entitles the holder to purchase one share of our common stock. In order to obtain the shares, the holders of the Warrants must pay an exercise price of $13.00 per share, subject to adjustment. Warrants expire on September 25, 2014. Founder s Warrants are not currently exercisable, and will become exercisable only if the trading price of our common stock exceeds certain specified thresholds.

Our common stock and Public Warrants began trading on the New York Stock Exchange on September 28, 2009, and are listed on the NYSE under the symbols REN and RENWS . On May 28, 2010, the closing price of the Public Warrants was $2.36 per Warrant and the closing price of the common stock was $12.59 per share.

Investing in our securities involves a high degree of risk. See Risk Factors beginning on page 12 of this prospectus for a discussion of information that should be considered in connection with an investment in our securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is June 24, 2010.

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PROSPECTUS SUMMARY

This summary highlights information contained in this prospectus. Because it is abbreviated, this summary does not contain all of the information that you should consider before investing in our common stock. You should read the entire prospectus carefully, including the consolidated historical and pro forma financial data and the notes to those financial statements and data. You should read   Risk Factors   beginning on page 12 for more information about important risks that you should consider carefully before investing in our common stock.

Company Overview

We are an independent oil and gas company engaged in the exploration, exploitation and development of oil and gas properties located in Utah, Wyoming, North Dakota and, to a lesser extent, properties in Alabama and Oklahoma. Approximately 90% of our revenue is generated from the sale of oil production. Our main focus is on increasing reserves and production from our properties located in Utah (Aneth Field Properties   ) and from Hilight Field and related properties in Wyoming, (Wyoming Properties   ), while improving efficiency and controlling costs in our operations. We have completed a number of exploitation projects that have increased our proved developed reserve base, and have plans for additional expansion and enhancement projects. We plan to further expand our reserve base through a focused acquisition strategy by looking to acquire properties that have upside potential through development drilling and exploitation projects and through the acquisition, exploration and exploitation of acreage that appears to contain relatively low risk and repeatable drilling opportunities. Also, we seek to reduce the effect of short-term commodity price fluctuations on our cash flow through the use of various derivative instruments.

Our largest asset, constituting 93% of our proved reserves, is our ownership of working interests in Greater Aneth Field (Aneth Field   ), a mature, long-lived oil producing field located in the Paradox Basin on the Navajo Reservation in southeast Utah. We own a majority of the working interests in, and are the operator of, three federal production units covering approximately 43,000 gross acres. These are the Aneth Unit, in which we own a 62% working interest, the McElmo Creek Unit, in which we own a 75% working interest, and the Ratherford Unit, in which we own a 59% working interest. As of December 31, 2009, we had interests in, and operated 399 gross (262 net) active producing wells and 334 gross (218 net) active water and CO_2 injection wells on our Aneth Field Properties. The crude oil produced from the Aneth Field Properties is generally characterized as light, sweet crude oil that is highly desired as a refinery blending feedstock.

We were incorporated on July 28, 2009 to consummate a business combination with Hicks Acquisition Company I, Inc. (HACI   ), a Delaware corporation incorporated on February 26, 2007. HACI was formed to acquire through a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination, one or more businesses or assets. HACI   s initial public offering was consummated on October 3, 2007. HACI had neither engaged in any operations nor generated any operating revenue prior to the business combination with us.

On September 25, 2009 (the   Acquisition Date   ), we consummated a business combination with HACI (the   Resolute Transaction   ) under the terms of a Purchase and IPO Reorganization Agreement, dated as of August 2, 2009 (Acquisition Agreement   ) among the Company, HACI, Resolute Holdings Sub, LLC, Resolute Subsidiary Corporation, Resolute Aneth, LLC, Resolute Holdings, LLC and HH HACI, L.P., as amended. As a result of the Resolute Transaction, HACI became a wholly owned subsidiary of the Company. In addition, the Company owned, directly or indirectly, prior to the Resolute Transaction, and continues to own after the Resolute Transaction, 100% of the equity interests of Resolute Natural Resources Company, LLC (Resources   ), WYNR, LLC (WYNR   ), BWNR, LLC

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(BWNR), RNRC Holdings, Inc. (RNRC), and Resolute Wyoming, Inc. (RWI) (formerly known as Primary Natural Resources, Inc. (PNR)), and a 99.996% equity interest in Resolute Aneth, LLC (Aneth), (collectively, Resources, WYNR, BWNR, RNRC, Aneth and RWI are referred to as Predecessor Resolute). The entities comprising Predecessor Resolute prior to the Resolute Transaction were wholly-owned by Resolute Holdings Sub, LLC (except for Aneth, which was 99.996% owned by Resolute Holdings Sub, LLC), which in turn is a wholly-owned subsidiary of Resolute Holdings, LLC (Holdings). Under generally accepted accounting principles, HACI was the accounting acquirer in the Resolute Transaction.

As used in this prospectus, unless otherwise indicated, references to we, us, our, Resolute and the Company r Resolute Energy Corporation for periods prior to and following the consummation of the Resolute Transaction. The terms HACI and Predecessor Resolute are used to refer to the respective entities for periods prior to the consummation of the Resolute Transaction.

Our principal executive offices are located at 1675 Broadway, Suite 1950, Denver, Colorado 80202 and our telephone number is 303-534-4600.

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THE OFFERING

Shares Offered by the Company	48,400,000 shares of common stock, of which: 27,600,000 shares of common stock are issuable upon exercise of 27,600,000 outstanding Public Warrants; 7,000,000 shares of common stock are issuable upon the exercise of 7,000,000 outstanding Sponsor s Warrants; and 13,800,000 shares of common stock are issuable upon the exercise of 13,800,000 outstanding Founder s Warrants.
Warrants:	
Warrant Exercise Price	$13.00 per share. Founder s Warrants and Sponsor s Warrants may be exercised on a cashless exercise basis.
Warrant Expiration Date	September 25, 2014
Warrant Exercise Period	The Public Warrants and Sponsor s Warrants became exercisable on issuance on September 25, 2009. Founder s Warrants will not be exercisable until the trading price of the common stock exceeds $13.75 for any 20 days within a 30 trading day period.
Limitations on Exercise	The Warrants will only be exercisable if a registration statement relating to the common stock issuable upon exercise is effective and current.
Redemption	We may redeem the outstanding Warrants (excluding any Founder s Warrants or Sponsor s Warrants held by certain affiliates of the Company or HACI): in whole and not in part, at a price of $.01 per Warrant at any time while the Warrants are exercisable, upon a minimum of 30 days prior written notice of redemption, and if, and only if, the last reported sales price of our common stock equals or exceeds $18.00 per share for any 20 trading days within a 30 trading day period ending three business days before we send the notice of redemption. If the foregoing conditions are satisfied and we issue a notice of redemption, each Warrant holder can exercise his, her or its Warrant prior to the scheduled redemption date.

Common Stock Outstanding as of May 28, 2010	54,798,175 shares[(1) (2)]

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Common Stock to be Outstanding Assuming Exercise of All of the Warrants	103,198,175 shares(1)(2)(3)
Use of Proceeds	Resolute will receive up to an aggregate of approximately $629.2 million from the exercise of the Warrants, if they are exercised in full. (3) Resolute expects that any net proceeds from the exercise of the Warrants will be used for general corporate purposes and to fund working capital.
NYSE Trading Symbols:	
Common Stock	REN
Public Warrants	REN WS
	The Sponsor s Warrants and Founder s Warrants contain terms that are different from the Public Warrants and bear legends to distinguish them from the Public Warrants. Accordingly, they do not trade on the New York Stock Exchange.
Risk Factors	Investing in our common stock involves a high degree of risk. You should carefully read and consider the information set forth under the heading Risk Factors beginning on page 12 of this prospectus and all other information in this prospectus before investing in our common stock.

(1) Includes 3,250,000 shares (the Earnout Shares) that are subject to forfeiture in the event that the price of our common stock does not reach $15.00 per share for 20 days in any 30 trading day period prior to September 25, 2014.

(2) Includes 1,641,920 shares of

restricted stock awarded to officers and directors of the Company pursuant to the 2009 Performance Incentive Plan that are subject to forfeiture if certain conditions are not satisfied. See *Management Compensation Discussion and Analysis of the Company* for a description of the terms of the restricted stock awards.

(3) Assumes no holders of Founder s Warrants or Sponsor s Warrants elect to exercise their Warrants on a cashless exercise basis.

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SELECTED FINANCIAL DATA

Resolute

The following table presents (i) for the quarters ended March 31, 2010 and 2009, selected historical financial data for Resolute for the three months ended March 31, 2010 and 2009 and selected combined historical financial data for Predecessor Resolute for the three months ended March 31, 2009 and (ii) for the years ended December 31, 2009 and 2008 and for the period from inception in 2007 to December 31, 2007, Resolute s selected pro forma statement of operations data for the year ended December 31, 2009, and selected historical financial data for the years ended December 31, 2009 and 2008 and for the period from inception in 2007 to December 31, 2007. The selected historical statement of operations data for Resolute for the three months ended March 31, 2010 and 2009 and the selected balance sheet data for Resolute as of March 31, 2010 are derived from the unaudited consolidated historical financial statements of Resolute included herein. The selected combined historical statement of operations data for Predecessor Resolute for the three months ended March 31, 2009 are derived from the unaudited combined historical financial statements of Predecessor Resolute for the three months ended March 31, 2009 included herein. The selected pro forma statement of operations data for the year ended December 31, 2009, are derived from the Unaudited Pro Forma Financial Information included herein. The historical consolidated statement of operations data for the years ended December 31, 2009 and 2008 and for the period from February 26, 2007 to December 31, 2007 are derived from Resolute s audited consolidated financial statements included herein. HACI was the accounting acquirer and, accordingly, the historical financial data below reflects HACI since its inception in 2007. Results of oil and gas operations are reflected from the date of the Resolute Transaction in September 2009. Future results may differ substantially from historical results because of changes in oil and gas prices, production increases or declines and other factors. This information should be read in conjunction with the consolidated financial statements and notes thereto and *Management s Discussion and Analysis of Financial Condition and Results of Operations.* The discussion in *Management s Discussion and Analysis of Financial Condition and Results of Operations* regarding the Resolute Transaction affects the comparability of the information provided in this Selected Financial Data.

	Three Months Ended March 31,			Year Ended December 31,			For the period from February 26, 2007 to December 31,
	Resolute		Predecessor Resolute	Pro Forma	Resolute		
	2010	2009	2009	2009	2009	2008	2007
	(in thousands, except per share data)						
Statement of Operation Data:							
Revenue	$ 41,132	$	$ 22,488	$ 127,760	$ 42,416	$	$
Operating expenses	(32,914)	(3,805)	(39,930)	(154,318)	(57,361)	(1,560)	(1,036)
Income (loss) from operations	8,218	(3,805)	(17,442)	(26,558)	(14,945)	(1,560)	(1,036)
Other (expense) income	(829)	458	3,652	(77,166)	(50,185)	7,601	5,154
(Loss) income before income taxes	7,389	(3,347)	(13,790)	(103,724)	(65,130)	6,041	4,118
Income tax benefit (expense)	(2,685)	1,138	(9,807)	38,897	19,887	(2,054)	(1,401)
Net (loss) income	4,704	(2,209)	(23,597)	(64,827)	(45,243)	3,987	2,717

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	Three Months Ended March 31,			Year Ended December 31,			For the period from February 26, 2007 to
			Predecessor				
	Resolute		Resolute	Pro Forma	Resolute		December 31,
	2010	2009	2009	2009	2009	2008	2007
	(in thousands, except per share data)						
Basic and diluted (loss) earnings per share:							
Common stock, subject to redemption	$	$ 0.01		$	$ (0.16)	$ 0.09	$ 0.06
Common stock	$ 0.09	$ (0.05)		$ (1.30)	$ (0.93)	$ 0.06	$ 0.09
Weighted average shares outstanding:							
Common stock, subject to redemption		16,560			12,114	16,560	16,560
Common stock	49,906	45,105		49,905	46,394	45,105	18,587
Selected Cash Flow Data:							
Net cash (used in) provided by operating activities	$ 14,619	$ (631)	$ 5,408		$ (12,164)	$ 3,031	$ 5,164
Net cash provided by (used in) investing activities	(14,488)	42	(4,076)		209,987	(2,264)	(541,302)
Net cash (used in) provided by financing activities	1,787		(3,032)		(198,187)		536,190

	As of March 31,	As of December 31,		
	2010	2009	2008	2007
	(In thousands)			
Balance Sheet Data:				
Total assets	$706,734	$ 693,440	$ 544,797	$ 541,842
Long term debt	115,400	109,575		
Total liabilities	308,267	299,903	19,291	20,322
Shareholders equity	398,467	393,537	362,199	359,702

Predecessor Resolute

The following table presents Predecessor Resolute s selected financial data for the 267 day period ended September 24, 2009, and for the years ended December 31, 2008, 2007, 2006, and 2005. The combined historical financial data for the 2009 period and for the years ended December 31, 2008, 2007, and 2006, have been derived from the audited combined financial statements of Predecessor Resolute. The historical financial data of Predecessor

Resolute for the year ended December 31, 2005, has been derived by combining the audited consolidated and combined financial statements of the predecessor entities.

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	For the 267 Day Period Ended September 24,	December 31,			
	2009	2008	2007	2006	2005
			(in thousands)		
Revenue	$ 85,344	$ 229,172	$ 173,343	$130,478	$ 53,466
Operating expenses	90,067	401,563	134,794	77,427	31,489
(Loss) income from operations	(4,723)	(172,391)	38,549	53,051	21,977
Other (expense) income	(41,888)	63,725	(141,221)	(7,009)	(34,113)
(Loss) Income before income taxes	(46,611)	(108,666)	(102,672)	46,042	(12,136)
Income tax benefit (expense)	5,019	18,247	(1,740)	(3,312)	(4,084)
Net (loss) Income	(41,592)	(90,419)	(104,412)	42,730	(16,220)
Net loss (Income) attributable to the noncontrolling interest		177	(409)	(715)	(55)
Net (loss) Income attributable to Predecessor Resolute	(41,592)	(90,242)	(104,821)	42,015	(16,275)

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UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2009 has been derived by the application of pro forma adjustments to the historical consolidated and combined financial statements of Resolute and Predecessor Resolute to reflect the Resolute Transaction as if the Resolute Transaction had been completed on January 1, 2009. The column labeled Pro Forma provides data that is compiled according to the requirements for pro forma presentation contained in Regulation S-X. The adjustments are annotated in the information below.

The unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2009 does not include any adjustments for cost savings that are anticipated to be realized from the elimination of historical operating expenses of HACI. Since its inception, HACI s efforts were limited to organizational activities, activities relating to its initial public offering, activities relating to identifying and evaluating prospective acquisition candidates, and activities relating to general corporate matters.

The unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2009 should not necessarily be considered indicative of actual results that would have been achieved had the Resolute Transaction been consummated on the date indicated and does not purport to indicate results of operations as of any future date or for any future period. The unaudited pro forma condensed consolidated statement of operations for the year ended December 31, 2009 should be read together with the historical financial statements of Resolute and Predecessor Resolute and *Management s Discussion and Analysis of Financial Condition and Results of Operations.*

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Unaudited Pro Forma Condensed Consolidated Statement of Operations
For the Year Ended December 31, 2009

	Resolute	Predecessor Resolute	Adjustments	Pro Forma
	(in thousands except per share data)			
Total revenue	$ 42,416	$ 85,344	$	$ 127,760
Lease operating expenses	21,992	46,771		68,763
Depletion, depreciation, amortization and asset retirement obligation accretion	11,541	21,925	6,890 a	40,356
Impairment of proved properties		13,295		13,295
Write off of deferred acquisition costs	3,500			3,500
General and administrative expenses	20,328	8,076		28,404
Total operating expenses	57,361	90,067	6,890	154,318
Income (loss) from operations	(14,945)	(4,723)	(6,890)	(26,558)
Other income (expense):				
Interest income (expense)	(762)	(18,416)	14,907 b	(4,271)
(Loss) gain on derivative instruments	(49,514)	(23,519)		(73,033)
Other income (expense)	91	47		138
Total other income (expense)	(50,185)	(41,888)	14,907	(77,166)
Income (loss) before taxes	(65,130)	(46,611)	8,017	(103,724)
Income tax (expense) benefit	19,887	5,019	13,991 c	38,897
Net income (loss)	$ (45,243)	$ (41,592)	$ 22,008	$ (64,827)
Basic and diluted earnings (loss) per share:				
Common stock, subject to redemption	$ (0.16)			
Common stock	$ (0.93)			$ (1.30)
Weighted average shares outstanding:				
Common stock, subject to redemption	12,114			
Common stock	46,394			49,905

Adjustments to Unaudited Pro Forma
Condensed Consolidated Statement of Operations
for the Year Ended December 31, 2009

a. Represents the increase in depletion, depreciation, amortization and accretion computed on a unit of production basis following the allocation of the excess of the aggregate purchase price consideration over the historical book value of Predecessor Resolute to proved oil and gas properties, as if the Resolute Transaction had been consummated on January 1, 2009.

b. Represents reduced interest income and interest expense resulting from the repayment of Predecessor Resolute s $225.0 million second lien term loan and a $99.5 million partial repayment of Resolute s revolving credit facility as if the repayments occurred on January 1, 2009.

c. Assumes an effective tax rate of 37.5% on income (loss) before income taxes and before non-controlling interests. This reflects both the federal and state statutory income tax rates that were in effect during the periods presented.

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CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. The use of any statements containing the words anticipate, intend, believe, estimate, project, expect, plan, should or similar expressions are intended to identify such statements. Forward-looking statements included in this report relate to, among other things, expected future production, expenses and cash flows in 2010, the nature, timing and results of capital expenditure projects, amounts of future capital expenditures, our future debt levels and liquidity and future compliance with covenants under our revolving credit facility, whether conditions to exercise of Founder s Warrants will be satisfied and the extent to which Warrants will be exercised. Although we believe that the expectations reflected in such forward-looking statements are reasonable, those expectations may prove to be incorrect. All forward-looking statements speak only as of the date made. All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by the cautionary statements. Except as required by law, we undertake no obligation to update any forward-looking statement. Factors that could cause actual results to differ materially from our expectations include, among others, those factors referenced in the *Risk Factors* section of this prospectus, and such things as:

- volatility of oil and gas prices, including reductions in prices that would adversely affect our revenue, income, cash flow from operations, liquidity and reserves;
- discovery, estimation, development and our ability to replace oil and gas reserves;
- our future cash flow, liquidity and financial position of the Company;
- the success of our business and financial strategy, hedging strategies and plans of the Company;
- the amount, nature and timing of our capital expenditures, including future development costs;
- a lack of available capital and financing;
- the effectiveness and results of our CO_2 flood program;
- the success of the development plan and production from our Aneth Field Properties;
- the timing and amount of future production of oil and gas;
- exploratory drilling in the Bakken trend of the Williston Basin;
- volatility of stock prices generally and in the oil and gas industry, and in the price of our common stock;
- availability of drilling and production equipment;
- success of refracs scheduled in the Muddy formation;
- timing of restoration of compression failure at Western Gas Resources Hilight Plan;
- commencement of activities in the Big Horn Basin;

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inaccuracy in reserve estimates and expected production rates;

our operating costs and other expenses;

the success in marketing oil and gas;

competition in the oil and gas industry;

uninsured or underinsured losses in, or operational problems affecting, our operations;

the impact and costs related to compliance with or changes in laws or regulations governing our oil and natural gas operations;

our relationship with the Navajo Nation and Navajo Nation Oil and Gas, as well as the timing of when certain purchase rights held by Navajo Nation Oil and Gas become exercisable;

the impact of weather and the occurrence of disasters, such as fires, floods and other events and natural disasters;

environmental liabilities;

expected increase in capacity due to additional pumps in the McElmo Creek pipeline;

anticipated CO_2 supply to be sourced from Kinder Morgan;

risks related to our level of indebtedness;

developments in oil-producing and gas-producing countries;

the success of strategic plans, expectations and objectives of our future operations;

loss of senior management or technical personnel;

acquisitions and other business opportunities (or the lack thereof) that may be presented to and pursued by us; and

other factors, many of which are beyond our control.

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RISK FACTORS

An investment in our securities involves a high degree of risk. You should carefully consider and evaluate all of the information contained in this prospectus before you decide to purchase our common stock. Any of the risks and uncertainties set forth therein and below could materially and adversely affect our business, results of operations and financial condition, which in turn could materially and adversely affect the trading price of our common stock. As a result, you could lose all or part of your investment.

Risks Related to Resolute s Business, Operations and Industry

The risk factors set forth below are not the only risks that may affect Resolute s business. Resolute s business could also be affected by additional risks not currently known to it or that it currently deems to be immaterial. If any of the following risks were actually to occur, Resolute s business, financial condition or results of operations could be materially adversely affected.

Resolute s oil production from its Aneth Field Properties is presently connected by pipeline to only one customer, and such sales are dependent on gathering systems and transportation facilities that Resolute does not control. With only one pipeline connected customer, when these facilities or systems are unavailable, Resolute s operations can be interrupted and its revenue reduced.

The marketability of Resolute s oil and gas production depends in part upon the availability, proximity and capacity of pipelines, gas gathering systems, and processing facilities owned by third parties. In general, Resolute does not control these facilities and its access to them may be limited or denied due to circumstances beyond its control. A significant disruption in the availability of these facilities could adversely impact Resolute s ability to deliver to market the oil and gas Resolute produces, and thereby cause a significant interruption in its operations. In some cases, Resolute s ability to deliver to market its oil and gas is dependent upon coordination among third parties who own pipelines, transportation and processing facilities that Resolute uses, and any inability or unwillingness of those parties to coordinate efficiently could also interrupt Resolute s operations. These are risks for which Resolute generally does not maintain insurance.

With respect to oil produced at its Aneth Field Properties, Resolute operates in a remote part of southeastern Utah, and currently Resolute sells all of its crude oil production to a single customer, Western Refining Southwest, Inc. (Western). Resolute and Western, with the consent of Navajo Nation Oil and Gas Company (NNOG), entered into a new contract effective September 1, 2009, covering the joint crude oil volumes of Resolute and NNOG from Aneth Field with an initial term of one year and continuing month-to-month thereafter, with either party having the right to terminate after the initial term, upon ninety days notice. The contract may also be terminated by Western after December 30, 2009, upon sixty days notice, if Western is not able to renew its right-of-way agreements with the Navajo Nation or if such rights-of-way are declared invalid and either Western is prevented from using such rights-of way or the Navajo Nation declares Western to be in trespass with respect to such rights-of-way. Resolute s crude oil production is currently transported to a terminal that serves Western s two refineries in the region via a crude oil pipeline owned by NNOG. In November 2009, Western announced that it intended to discontinue refining operations at one of its two refineries. See *Resolute s Business and Properties Marketing and Customers Aneth Field*. There are presently no pipelines in service that run the entire distance from Resolute s Aneth Field Properties to any alternative markets. If Western did not purchase Resolute s crude oil, Resolute would have to transport its crude oil to other markets by a combination of the NNOG pipeline, truck and rail, which would result, in the short term, in a lower price relative to the NYMEX price than it currently receives. Resolute may in the future receive prices with a greater differential to NYMEX than it currently receives, which if not offset by increases in the NYMEX price for crude oil could result in a material adverse effect on Resolute s financial results.

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Resolute would also have to find alternative markets if Western s refining capacity in the region is temporarily or permanently shut-down for any reason or if NNOG s pipeline to Western s refineries is temporarily or permanently shut-in for any reason. Resolute does not have any control over Western s decisions with respect to its refineries. Resolute would also not have control over similar decisions by any replacement customers.

Resolute customarily ships crude oil to Western daily and receives payment on the twentieth day of the month following the month of production. As a result, at any given time, Western owes Resolute between 20 and 50 days of production revenue. Based upon average production from Aneth Field during the three months ended December 31, 2009, and a NYMEX oil price of $80.00 per barrel, Western could owe Resolute between $8 million and $20 million. If Western defaults on its obligation to pay Resolute for the crude oil it has delivered, Resolute s income would be materially and negatively affected. Both Moody s Investor Services and Standard & Poor s have assigned credit ratings to Western s long-term debt that are below investment grade and Standard & Poor s has recently put Western on credit watch negative.

With respect to its Wyoming operations, Resolute does not have any long-term supply or similar agreements with entities for which it acts as a producer and currently sells most of its Wyoming oil production under a purchase agreement with a single purchaser. Resolute is therefore dependent upon its ability to sell oil and gas at the prevailing wellhead market price. There can be no assurance that purchasers will be available or that the prices they are willing to pay will remain stable and not decline.

Current financial conditions may have effects on Resolute s business and financial condition that Resolute cannot predict.

Turmoil in the global financial system may continue to have an impact on Resolute s business and financial condition, and Resolute may continue to face challenges if conditions in the financial markets do not improve. Resolute s ability to access the capital markets has been restricted as a result of this turmoil and may be restricted in the future when Resolute would like, or need, to raise capital. The financial turmoil may also limit the number of prospects for Resolute s development and acquisition, or make such transactions uneconomic or difficult to consummate, and make it more difficult for Resolute to develop its reserves. The economic situation could also adversely affect the collectability of Resolute s trade receivables and cause Resolute s commodity hedging arrangements, if any, to be ineffective if Resolute s counterparties are unable to perform their obligations or seek bankruptcy protection. It may also adversely affect any of Resolute s partners ability to fulfill their obligations under operating agreements and Resolute may be required to fund these expenditures from other sources or reduce Resolute s planned activities. Additionally, the global economic situation could lead to further reduced demand for oil and gas, lower product prices or continued product price volatility which would have a negative effect on Resolute s revenue.

Inadequate liquidity could materially and adversely affect Resolute s business operations in the future.

Resolute s ability to generate cash flow depends upon numerous factors related to its business that may be beyond its control, including:

- the amount of oil and gas it produces;
- the price at which it sells its oil and gas production and the costs it incurs to market its production;

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- the effectiveness of its commodity price hedging strategy;
- the development of proved undeveloped properties and the success of its enhanced oil recovery activities;
- the level of its operating and general and administrative costs;
- its ability to replace produced reserves;
- prevailing economic conditions;
- government regulation and taxation;
- the level of its capital expenditures required to implement its development projects and make acquisitions of additional reserves;
- its ability to borrow under its revolving credit facility;
- its debt service requirements contained in its revolving credit facility or future debt agreements;
- fluctuations in its working capital needs; and
- timing and collectability of receivables.

Resolute s planned operations, as well as replacement of its p