Resolute Energy Corp
Form S-1
June 30, 2010

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As filed with the Securities and Exchange Commission on June 30, 2010

File No. 333-

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

Form S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933
RESOLUTE ENERGY CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	**1311**	**27-0659371**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

	James M. Piccone
1675 Broadway, Suite 1950	**1675 Broadway, Suite 1950**
Denver, Colorado 80202	**Denver, Colorado 80202**
303-534-4600 (Phone)	**303-534-4600 (Phone)**
(Address, including zip code, and telephone number, including area code, of registrant s principal executive offices)	(Address, including zip code, and telephone number, including area code, of agent for service)

***Copies to*:**
Ronald R. Levine, II
Davis Graham & Stubbs LLP
1550 Seventeenth Street, Suite 500
Denver, Colorado 80202
303-892-9400 (Phone)
303-892-7400 (Fax)

Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box. þ

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer o	Non-accelerated filer þ	Smaller reporting company o
		(Do not check if a smaller reporting company)	

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	**Amount to be Registered**	**Proposed Maximum Offering Price per Security(1)**	**Proposed Maximum Aggregate Offering Price(1)**	**Amount of Registration Fee**
Common stock, par value $0.0001 per share	**12,859,193 shares(2)(4)**	**$12.36(3)**	**$158,939,625**	**$11,332**

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457 under the Securities Act of 1933, as amended (the Securities Act).

(2) Represents outstanding shares of common stock being offered for resale by selling stockholders hereunder.

(3) The price per share and aggregate offering price are based on the average of the high and low sales prices of the registrant s common stock on June 29, 2010, as reported on the New York Stock Exchange.

(4) In accordance with Rule 416 under the Securities Act, there shall be deemed to be registered hereunder such additional securities as may be issued to prevent dilution or as resulting from stock splits, stock dividends, recapitalizations and similar transactions.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. The selling stockholders may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell securities and is not soliciting an offer to buy these securities.

Subject to Completion, Dated June 30, 2010

PROSPECTUS

RESOLUTE ENERGY CORPORATION

12,859,193 Shares of Common Stock

This prospectus relates to the resale by selling stockholders, including their donees, pledgees, transferees or other successors-in-interests, of 12,859,193 outstanding shares of our common stock (the Resale Shares).

Certain of the selling stockholders may be deemed affiliates of the Company or were affiliates of Hicks Acquisition Company I, Inc., a Delaware corporation with which the Company engaged in a business combination transaction that was completed on September 25, 2009 (the Resolute Transaction). The Resale Shares were originally issued in the Resolute Transaction to the selling stockholders or were distributed to the selling stockholders in a pro-rata distribution without consideration from others who received Resale Shares in the Resolute Transaction. It is anticipated that the selling stockholders will sell the Resale Shares from time to time in one or more transactions, in negotiated transactions or otherwise, at prevailing market prices or prices otherwise negotiated.

We will not receive any proceeds from the sale of any Resale Shares sold by the selling stockholders.

Our common stock began trading on the New York Stock Exchange on September 28, 2009, and is listed on the NYSE under the symbol REN . On June 29, 2010, the closing price of the common stock was $12.31 per share.

Investing in our securities involves a high degree of risk. See Risk Factors beginning on page 11 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 ____________________, 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 11 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 Selling Stockholders	12,859,193 outstanding shares of common stock
Selling Stockholders	Certain of the selling stockholders identified in this prospectus may be deemed affiliates of the Company or affiliates of HACI prior to the Resolute Transaction. The selling stockholders are parties to a Registration Rights Agreement (as defined herein) pursuant to which the Resale Shares are being registered hereunder. See Selling Stockholders identified else where in this prospectus.
Common Stock Outstanding as of June 29, 2010	54,815,825 ([1])([2])([3])
Use of Proceeds	Resolute will receive no proceeds from the sale of common stock by the selling stockholders.
NYSE Trading Symbols: Common Stock	REN
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 11 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 1,659,570 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 Excludes 48,400,000 shares of common stock issuable upon the exercise of warrants to purchase common stock, assuming no holders of Founders warrants or Sponsor s warrants elect to exercise on a cashless exercise basis, which warrants were outstanding as of June 29, 2010.

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 in the Resolute Transaction 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, 2007**
	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,						For the period from February 26, 2007 to
			Predecessor	Year Ended December 31,			
				Pro			
	Resolute		Resolute	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

	Resolute			
	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, 2009	Predecessor Resolute			
		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.

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 March 31, 2010, and a NYMEX oil price of $80.00 per barrel, Western could owe Resolute between $8 million and $20 million at any given time. 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;

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 production and reserves, will require additional capital that may not be available.

Resolute s business is capital intensive, and requires substantial expenditures to maintain currently producing wells, to make the acquisitions of additional reserves and/or conduct its exploration, exploitation and development program necessary to replace its reserves, to pay expenses and to satisfy its other obligations, which will require cash flow from operations, additional borrowings or proceeds from the issuance of additional equity, or some combination thereof, which may not be available to Resolute.

For example, based on December 31, 2009 reserve estimates, Resolute expects to spend an additional $377.4 million of capital expenditures over the next 28 years (including CO_2 purchases) to implement and complete its proved developed non-producing and proved undeveloped CO_2 flood projects. Resolute expects to incur approximately $161.7 million of these future capital expenditures between 2010 and 2012 based on its year-end 2009 SEC case reserve report. To the extent Resolute s production and reserves decline faster than it anticipates, Resolute will require a greater amount of capital to maintain its production. Resolute s ability to obtain bank financing or to access the capital markets for future equity or debt offerings may be limited by its financial condition at the time of any such financing or offering, the covenants in its revolving credit facility or future debt agreements, adverse market conditions or other contingencies and uncertainties that are beyond its control. Resolute s failure to obtain the funds necessary for future activities could materially affect its business, results of operations and financial condition. Even if Resolute is successful in obtaining the necessary funds, the terms of such financings could limit Resolute s activities and its ability to pay dividends. In addition, incurring additional debt may significantly increase Resolute s interest expense and financial leverage, and issuing additional equity may result in significant equity holder dilution.

A significant part of Resolute s development plan involves the implementation of its CO_2 projects. The supply of CO_2 and efficacy of the planned projects is uncertain, and other resources may not be

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available or may be more expensive than expected, which could adversely impact production, revenue and earnings, and may require a write-down of reserves.

Producing oil and gas reservoirs are depleting assets generally characterized by declining production rates that vary depending upon factors such as reservoir characteristics. A significant part of Resolute s business strategy depends on its ability to successfully implement CO_2 floods and other development projects it has planned for its Aneth Field Properties in order to counter the natural decline in production from the field. As of December 31, 2009, approximately 65% of Resolute s estimated net proved reserves were classified as proved developed non-producing and proved undeveloped, meaning Resolute must undertake additional development activities before it can produce those reserves. These development activities involve numerous risks, including insufficient quantities of CO_2, project execution risks and cost overruns, insufficient capital to allocate to these projects, and inability to obtain equipment and materials that are necessary to successfully implement these projects.

A critical part of Resolute s development strategy depends upon its ability to purchase CO_2. Resolute currently has entered into contracts to purchase CO_2 from two suppliers, ExxonMobil Gas & Power Marketing Company (EMGP) and Kinder Morgan CO_2 Company, L.P. (Kinder Morgan). The contract with EMGP expired June 30, 2010; the contract with Kinder Morgan expires in 2016. All of the CO_2 Resolute has under contract comes from the McElmo Dome field. Following the termination of the EMGP contract in June 2010, all of Resolute s CO_2 is supplied under the Kinder Morgan contract. If Resolute is unable to purchase sufficient CO_2 under the Kinder Morgan contract after June 2010, either because Kinder Morgan is unable or unwilling to supply the contracted volumes, Resolute would have to purchase CO_2 from other owners of CO_2 in the McElmo Dome field or elsewhere. In such an event, Resolute may not be able to locate substitute supplies of CO_2 at acceptable prices or at all. In addition, certain suppliers of CO_2, such as Kinder Morgan, use CO_2 in their own tertiary recovery projects. As a result, if Resolute needs to purchase additional volumes of CO_2, these suppliers may not be willing to sell a portion of their supply of CO_2 to Resolute if their own demand for CO_2 exceeds their supply. Additionally, even if adequate supplies are available for delivery from the McElmo Dome field, Resolute could experience temporary or permanent shut-ins of Resolute s pipeline that delivers CO_2 from that field to its Aneth Field Properties. If Resolute is unable to obtain the CO_2 it requires and is unable to undertake its development projects or if Resolute s development projects are significantly delayed, Resolute s recoverable reserves may not be as much as it currently anticipates, it will not realize its expected incremental production, and its expected decline in the rate of production from its Aneth Field Properties will be accelerated. If Resolute s requirements for CO_2 were to decrease, it could be required to incur costs for CO_2 that it has not purchased or to purchase more CO_2 than it could use effectively. For more information about Resolute s minimum financial obligations under these contracts, please read *Resolute s Business and Properties Planned Operating and Development Activities.* For more information about Resolute s CO_2 development program and Resolute s minimum financial obligations under these contracts, please read *Resolute s Business and Properties Planned Operating and Development Activities.*

In addition, Resolute s estimate of future development costs, including with respect to its planned CO_2 development projects, is based on Resolute s current expectation of prices and other costs of CO_2, equipment and personnel Resolute will need in the future to implement such projects. Resolute s actual future development costs may be significantly higher than Resolute currently estimates, and delays in executing its development projects could result in higher labor and other costs associated with these projects. If costs become too high, Resolute s future development projects may not be economical and Resolute may be forced to abandon its development projects.

Furthermore, the results Resolute obtains from its CO_2 flood projects may not be the same as it expected when preparing its estimate of net proved reserves. Lower than expected production results or delays in when Resolute first realizes additional production as a result of its CO_2 flood projects will

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reduce the value of its reserves, which could reduce its ability to incur indebtedness, require Resolute to use cash to repay indebtedness, and require Resolute to write-down the value of its reserves. Therefore, Resolute s future reserves, production and future cash flow are highly dependent on Resolute s success in efficiently developing and exploiting its current estimated net proved undeveloped reserves.

Resolute is a party to contracts that require it to pay for a minimum quantity of CO_2. These contracts limit Resolute s ability to curtail costs if its requirements for CO_2 decrease.

Resolute s contract with Kinder Morgan requires Resolute to take, or pay for if not taken, a minimum volume of CO_2 on a monthly basis. The take-or-pay obligations result in minimum financial obligations through 2016. The take-or-pay provision allows Resolute to subsequently apply take-or-pay payments made to volumes subsequently taken, but the provision has limitations and Resolute may not be able to utilize all such amounts paid if the limitations apply or if Resolute does not subsequently take sufficient volumes to utilize the amounts previously paid.

Oil and gas prices are volatile and change for reasons that are beyond Resolute s control. Decreases in the price Resolute receives for its oil and gas production can adversely affect its business, financial condition, results of operations and liquidity and impede its growth.

The oil and gas markets are highly volatile, and Resolute cannot predict future prices. Resolute s revenue, profitability and cash flow depend upon the prices and demand for oil and natural gas. The markets for these commodities are very volatile and even relatively modest drops in prices can significantly affect Resolute s financial results and impede its growth. Prices for oil and gas may fluctuate widely in response to relatively minor changes in the supply of and demand for the commodities, market uncertainty and a variety of additional factors that are beyond Resolute s control, such as:

- domestic and foreign supply of and demand for oil and gas, including as a result of technological advances affecting energy consumption and supply;
- weather conditions;
- overall domestic and global political and economic conditions;
- actions of the Organization of Petroleum Exporting Countries and other state-controlled oil companies relating to oil price and production controls;
- the price of foreign imports;
- political and economic conditions in oil producing countries, including the Middle East and South America;
- technological advances affecting energy consumption;
- variations between product prices at sales points and applicable index prices;
- domestic, tribal and foreign governmental regulations and taxation;
- the impact of energy conservation efforts;
- the capacity, cost and availability of oil and gas pipelines and other transportation and gathering facilities, and the proximity of these facilities to its wells;

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- the availability of refining and processing capability;
- factors specific to the local and regional markets where Resolute s production occurs; and
- the price and availability of alternative fuels.

In the past, the price of crude oil has been extremely volatile, and Resolute expects this volatility to continue. For example, during the twelve months ended December 31, 2009, the NYMEX price for light sweet crude oil ranged from a high of $81.04 per Bbl to a low of $33.98 per Bbl. For calendar year 2008, the range was from a high of $145.28 per Bbl to a low of $33.03 per Bbl, and for the five years ended December 31, 2009, the price ranged from a high of $145.28 per Bbl to a low of $31.41 per Bbl.

A decline in oil and gas prices can significantly affect many aspects of Resolute s business, including financial condition, revenue, results of operations, liquidity, rate of growth and the carrying value of Resolute s oil and gas properties, all of which depend primarily or in part upon those prices. For example, declines in the prices Resolute receives for its oil and gas adversely affect its ability to finance capital expenditures, make acquisitions, raise capital and satisfy its financial obligations. In addition, declines in prices reduce the amount of oil and gas that Resolute can produce economically and, as a result, adversely affect its quantities of proved reserves. Among other things, a reduction in its reserves can limit the capital available to Resolute, as the maximum amount of available borrowing under its revolving credit facility is, and the availability of other sources of capital likely will be, based to a significant degree on the estimated quantities of those reserves.

Resolute s estimated proved reserves are based on many assumptions that may turn out to be inaccurate. Any significant inaccuracies in these reserve estimates or underlying assumptions will materially affect the quantities of Resolute s proved reserves.

Resolute s estimate of proved reserves for the period ended December 31, 2009, is based on the quantities of oil and gas that engineering and geological analyses demonstrate with reasonable certainty to be recoverable from established reservoirs in the future under current operating and economic parameters. Netherland, Sewell & Associates, Inc., independent petroleum engineers, audited reserve and economic evaluations of all properties that were prepared by Resolute on a well-by-well basis. Oil and gas reserve engineering is not exact; it relies on subjective interpretations of data that may be inaccurate or incomplete and requires predictions and assumptions of future reservoir behavior and economic conditions. Estimates of economically recoverable oil and gas reserves and of future net cash flows depend upon a number of variable factors and assumptions, including:

- the assumed accuracy of field measurements and other reservoir data;
- assumptions regarding expected reservoir performance relative to historical analog reservoir performance;
- the assumed effects of regulations by governmental agencies;
- assumptions concerning future oil and gas prices; and
- assumptions concerning future operating costs, severance and excise taxes, development costs and workover and remedial costs.

Because all reserve estimates are to some degree subjective, each of the following items may differ materially from those assumed in estimating reserves:

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- the quantities of oil and gas that are ultimately recovered;
- the timing of the recovery of oil and gas reserves;
- the production and operating costs incurred; and
- the amount and timing of future development expenditures.

Furthermore, different reserve engineers may make different estimates of reserves and cash flows based on the same available data. As a result of all these factors, Resolute may make material changes to reserves estimates to take into account changes in its assumptions and the results of its development activities and actual drilling and production.

If these assumptions prove to be incorrect, Resolute s estimates of reserves, the economically recoverable quantities of oil and gas attributable to any particular group of properties, the classifications of reserves based on risk of recovery and Resolute s estimates of the future net cash flows from its reserves could change significantly. In addition, if declines in oil and gas prices result in its having to make substantial downward adjustments to its estimated proved reserves, or if its estimates of development costs increase, production data factors change or drilling results deteriorate, accounting rules may require Resolute to make downward adjustments, as a non-cash impairment charge to earnings, to the carrying value of Resolute s oil and gas properties. If Resolute incurs impairment charges in the future, Resolute could have a material adverse effect on its results of operations in the period incurred and on its ability to borrow funds under its credit facility.

The standardized measure of future net cash flows from Resolute s net proved reserves is based on many assumptions that may prove to be inaccurate. Any material inaccuracies in Resolute s reserve estimates or underlying assumptions will materially affect the quantities and present value of its proved reserves.

Actual future net cash flows from Resolute s oil and gas properties will be determined by the actual prices Resolute receives for oil and gas, its actual operating costs in producing oil and gas, the amount and timing of actual production, the amount and timing of Resolute s capital expenditures, supply of and demand for oil and gas and changes in governmental regulations or taxation, which may differ from the assumptions used in creating estimates of future cash flows.

The timing of both Resolute s production and its incurrence of expenses in connection with the development and production of oil and gas properties will affect the timing of actual future net cash flows from proved reserves, and thus their actual present value. In addition, the 10% discount factor Resolute uses when calculating discounted future net cash flows in compliance with guidance from the Financial Accounting Standards Board may not be the most appropriate discount factor based on interest rates in effect from time to time and risks associated with Resolute or the oil and gas industry in general.

Currently, substantially all of Resolute s oil producing properties are located on the Navajo Reservation, making Resolute vulnerable to risks associated with laws and regulations pertaining to the operation of oil and gas properties on Native American tribal lands.

Substantially all of Resolute s Aneth Field Properties, which represent approximately 93% of Resolute s total proved reserves and approximately 75% of Resolute s production (on an equivalent barrel basis) at December 31, 2009, are located on the Navajo Reservation in southeastern Utah. Operation of oil and gas interests on Indian lands presents unique considerations and complexities. These arise from the fact that Indian tribes are dependent sovereign nations located within states, but are subject only to

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tribal laws and treaties with, and the laws and Constitution of, the United States. This creates a potential overlay of three jurisdictional regimes Indian, federal and state. These considerations and complexities could arise around various aspects of Resolute s operations, including real property considerations, employment practices, environmental matters and taxes.

For example, Resolute is subject to the Navajo Preference in Employment Act. This law requires that it give preference in hiring to members of the Navajo Nation, or in some cases other Native American tribes, if such a person is qualified for the position, rather than hiring the most qualified person. A further regulatory requirement is imposed by the Navajo Nation Business Opportunity Act which requires Resolute to give preference to businesses owned by Navajo persons when it is hiring contractors. These regulatory restrictions can negatively affect Resolute s ability to recruit and retain the most highly qualified personnel or to utilize the most experienced and economical contractors for its projects.

Furthermore, because tribal property is considered to be held in trust by the federal government, before Resolute can take actions such as drilling, pipeline installation or similar actions, it is required to obtain approvals from various federal agencies that are in addition to customary regulatory approvals required of oil and gas producers operating on non-Indian property. Resolute also is required to obtain approvals from the Resources Committee, which is a standing committee of the Navajo Nation Tribal Council, before Resolute can take similar actions with respect to its Aneth Field Properties. These approvals could result in delays in its implementation of, or otherwise prevent it from implementing, its development program. These approvals, even if ultimately obtained, could result in delays in Resolute s ability to implement its development program.

In addition, under the Native American laws and regulations, Resolute could be held liable for personal injuries, property damage (including site clean-up and restoration costs) and other damages. Failure to comply with these laws and regulations may also result in the suspension or termination of Resolute s operations and subject it to administrative, civil and criminal penalties, including the assessment of natural resource damages.

For additional information about the legal complexities and considerations associated with operating on the Navajo Reservation, please read *Resolute s Business and Properties Laws and Regulations Pertaining to Oil and Gas Operations on Navajo Nation Lands*.

NNOG has options to purchase a portion of Resolute s Aneth Field Properties.

NNOG has a total of six options to purchase for cash at fair market value, in the aggregate, up to 30.0% of Resolute s interest in the Chevron Properties (as defined below) and 30.0% of its interest in the ExxonMobil Properties (as defined below). These options become exercisable over a period of time if financial hurdles related to recovery by Resolute of its investments are met. If NNOG exercises its purchase options in full, it could acquire from Resolute undivided working interests representing an 18.15% working interest in the Aneth Unit, a 22.5% working interest in the McElmo Creek Unit and a 17.7% working interest in the Ratherford Unit. If NNOG were to exercise any of these options, Resolute might not be able to effectively redeploy the cash received from NNOG. For additional information about NNOG s purchase right, please read *Resolute s Business and Properties Relationship with the Navajo Nation*.

The statutory preferential purchase right held by the Navajo Nation to acquire transferred Navajo Nation oil and gas leases and NNOG s right of first negotiation could diminish the value Resolute may be able to receive in a sale of its properties.

Nearly all of Resolute s Aneth Field Properties are located on the Navajo Reservation. The Navajo Nation has a statutory preferential right to purchase at the offered price any Navajo Nation oil and gas lease or working interest in such a lease at the time a proposal is made to transfer the lease or interest. The existence of this right can make it more difficult to sell a Navajo Nation oil and gas lease because this right may discourage third parties from purchasing such a lease and, therefore, could reduce the value of Resolute s leases if it were to attempt to sell them. In addition, under the terms of Resolute s Cooperative Agreement with NNOG, Resolute is obligated to first negotiate with NNOG to sell its Aneth Field Properties before it may offer to sell such properties to any other third party. This contractual right could make it more difficult for Resolute to sell its Aneth Field Properties. For additional information about the right of first negotiation for the benefit of NNOG, please read *Resolute s Business and Properties Relationship with the Navajo Nation*.

All of Resolute s producing properties are located in two geographic areas, making it vulnerable to risks associated with operating in only two geographic areas.

A substantial amount of Resolute s sales of oil and gas and 93% of its total proved reserves at December 31, 2009, are currently located in its Aneth Field Properties in the southeast Utah portion of the Paradox Basin in the Four Corners area of the southwestern United States. Essentially all of the remainder of Resolute s sales of oil and gas and 7% of its total proved reserves are predominantly located in Hilight Field in the Powder River Basin in northeastern Wyoming and southeastern Montana. As a result of Resolute s lack of diversification in asset type and location, any delays or interruptions of production from these wells caused by such factors as governmental regulation, transportation capacity constraints, curtailment of production or interruption of transportation of oil produced from the wells in these fields, price fluctuations, natural disasters or shut-downs of the pipelines connecting its Aneth Field production to refineries would have a significantly greater impact on Resolute s results of operations than if Resolute possessed more diverse assets and locations.

Lack of geographic diversification also affects the prices to be received for Resolute s oil and gas production from its properties, since prices are determined to a significant extent by factors affecting the regional supply of and demand for oil and gas, including the adequacy of the pipeline and processing infrastructure in the region to transport or process Resolute s production and that of other producers. Those factors result in basis differentials between the published indices generally used to establish the price received for regional oil and gas production and the actual (frequently lower) price Resolute may receive for its production.

Developing and producing oil and gas are costly and high-risk activities with many uncertainties that could adversely affect Resolute s financial condition or results of operations, and insurance may not be available or may not fully cover losses.

There are numerous risks associated with developing, completing and operating a well, and cost factors can adversely affect the economics of a well. Resolute s development and producing operations may be curtailed, delayed or canceled as a result of other factors, including:

- high costs, shortages or delivery delays of rigs, equipment, labor or other services;
- unexpected operational events and/or conditions;
- reductions in oil or gas prices or increases in the differential between index oil or gas prices and prices received by Resolute;
- increases in severance taxes;
- limitations on Resolute s ability to sell its crude oil or gas production;

- adverse weather conditions and natural disasters;
- facility or equipment malfunctions, and equipment failures or accidents;
- pipe or cement failures and casing collapses;
- compliance with environmental and other governmental requirements;
- environmental hazards, such as leaks, oil spills, pipeline ruptures and discharges of toxic gases;
- lost or damaged oilfield development and service tools;
- unusual or unexpected geological formations, and pressure or irregularities in formations;
- fires, blowouts, surface craterings and explosions;
- shortages or delivery delays of equipment and services;
- title problems;
- objections from surface owners and nearby surface owners in the areas where Resolute operates; and
- uncontrollable flows of oil, gas or well fluids.

Any of these or other similar occurrences could reduce Resolute s cash from operations or result in the disruption of Resolute s operations, substantial repair costs, significant damage to property, environmental pollution and impairment of its operations. The occurrence of these events could also affect third parties, including persons living near Resolute s operations, Resolute s employees and employees of Resolute s contractors, leading to injuries or death.

Insurance against all operational risk is not available to Resolute, and pollution and environmental risks generally are not fully insurable. Additionally, Resolute may elect not to obtain insurance if it believes that the cost of available insurance is excessive relative to the perceived risks presented. Losses could, therefore, occur for uninsurable or uninsured risks or in amounts in excess of existing insurance coverage. Moreover, insurance may not be available in the future at commercially reasonable costs and on commercially reasonable terms. Changes in the insurance markets subsequent to the terrorist attacks on September 11, 2001, have made it more difficult for Resolute to obtain coverage for terrorist attacks and related risks. Resolute may not be able to obtain the levels or types of insurance it would otherwise have obtained prior to these market changes, and any insurance coverage Resolute does obtain may contain large deductibles or it may not cover all hazards or potential losses. Losses and liabilities from uninsured and underinsured events or a delay in the payment of insurance proceeds could adversely affect Resolute s business, financial condition and results of operations.

Exploration and development drilling may not result in commercially productive reserves.

Resolute may not encounter commercially productive reservoirs through its drilling operations. In 2010, Resolute expects to incur approximately $30 million of capital expenditures for acreage acquisition, exploration and development drilling, most significantly in the Williston Basin properties in North Dakota. The new wells Resolute drills or participates in may not be productive and the Company may not recover all or any portion of its investment in such wells. The seismic data and other technologies

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Resolute uses do not allow it to know conclusively prior to drilling whether it will find oil or gas or, if found, that the hydrocarbons will be produced economically. The cost of drilling, completing and operating a well is often uncertain, and cost factors can adversely affect the economics of a project. Resolute s efforts will be unprofitable if it drills dry wells or wells that are productive but do not produce enough reserves to return a profit after drilling, operating and other costs. Further, Resolute s drilling operations may be curtailed, delayed or canceled as a result of a variety of factors, including:

increases in the cost of, or shortages or delays in the availability of, drilling rigs and equipment;

unexpected drilling conditions;

title problems;

pressure or irregularities in formations;

equipment failures or accidents;

adverse weather conditions; and

compliance with environmental and other governmental requirements.

If Resolute does not make acquisitions of reserves on economically acceptable terms, Resolute s future growth and ability to maintain production will be limited to only the growth it intends to achieve through the development of its proved developed non-producing and proved undeveloped reserves.

Producing oil and gas reservoirs are generally characterized by declining production rates that vary depending upon reservoir characteristics and other factors. The rate of decline will change if production from Resolute s existing wells declines in a different manner than Resolute has estimated and can change under other circumstances. Resolute s future oil and gas reserves and production and, therefore, Resolute s cash flow and income are highly dependent upon its success in efficiently developing and exploiting its current reserves and economically finding or acquiring additional recoverable reserves.

Resolute intends to grow by bringing its proved developed non-producing reserves into production, developing its proved undeveloped reserves, exploring for and finding additional reserves on its non-proved properties and through acquisitions. Resolute s ability to grow through acquisitions will become more important in the event NNOG exercises its options to increase its working interest in the Aneth Field Properties. Resolute may be unable to make such acquisitions because it is:

unable to identify attractive acquisition candidates or negotiate acceptable purchase contracts with the seller;

unable to obtain financing for these acquisitions on economically acceptable terms; or

outbid by competitors.

If Resolute is unable to acquire properties containing proved reserves at acceptable costs, Resolute s total level of proved reserves and associated future production will decline as a result of its ongoing production of its reserves.

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Any acquisitions Resolute completes are subject to substantial risks that could negatively affect its financial condition and results of operations.

Even if Resolute does make acquisitions that it believes will enhance its growth, financial condition or results of operations, any acquisition involves potential risks, including, among other things:

- the validity of Resolute s assumptions about the acquired properties or company s reserves, future production, the future prices of oil and gas, infrastructure requirements, environmental and other liabilities, revenue and costs;
- an inability to integrate successfully the properties and businesses Resolute acquires;
- a decrease in Resolute s liquidity to the extent it uses a significant portion of its available cash or borrowing capacity to finance acquisitions or operations of the acquired properties;
- a significant increase in its interest expense or financial leverage if Resolute incurs debt to finance acquisitions or operations of the acquired properties;
- the assumption of unknown liabilities, losses or costs for which Resolute is not indemnified or for which Resolute s indemnity is inadequate;
- the diversion of management s attention from other business concerns;
- an inability to hire, train or retain qualified personnel to manage and operate Resolute s growing business and assets;
- unforeseen difficulties encountered in operating in new geographic areas; and
- customer or key employee losses at the acquired businesses.

Resolute s decision to acquire a property or business will depend in part on the evaluation of data obtained from production reports and engineering studies, geophysical and geological analyses and seismic and other information, the results of which are often inconclusive and subject to various interpretations.

Also, Resolute s reviews of acquired properties are inherently incomplete because it generally is not feasible to perform an in-depth review of the individual properties involved in each acquisition. Even a detailed review of records and properties may not necessarily reveal existing or potential problems, nor will it permit a buyer to become sufficiently familiar with the properties to assess fully their deficiencies and potential problems. Inspections may not always be performed on every well, and environmental problems, such as ground water contamination, are not necessarily observable even when an inspection is undertaken. The potential risks in making acquisitions could adversely affect Resolute s ability to achieve anticipated levels of cash flows from the acquired businesses or realize other anticipated benefits of those acquisitions.

Resolute s future debt levels may limit its flexibility to obtain additional financing and pursue other business opportunities.

Resolute expects to have the ability to incur additional debt under its revolving credit facility, subject to borrowing base limitations. Resolute s increased level of indebtedness could have important consequences to Resolute, including:

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Resolute s ability to obtain additional financing, if necessary, for working capital, capital expenditures, acquisitions or other purposes may be impaired or such financing may not be available on favorable terms;

covenants contained in Resolute s existing and future credit and debt arrangements will require it to meet financial tests that may affect its flexibility in planning for and reacting to changes in its business, including possible acquisition opportunities;

Resolute will need a substantial portion of its cash flow to make principal and interest payments on its indebtedness, reducing the funds that would otherwise be available for operations and future business opportunities; and

Resolute s debt level will make it more vulnerable than its competitors with less debt to competitive pressures or a downturn in its business or the economy generally.

Resolute s ability to service its indebtedness will depend upon, among other things, its future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond Resolute s control. If Resolute s operating results are not sufficient to service its current or future indebtedness, it will be forced to take actions such as reducing or delaying business activities, acquisitions, investments and/or capital expenditures, selling assets, restructuring or refinancing Resolute s indebtedness, or seeking additional equity capital or bankruptcy protection. Resolute may not be able to effect any of these remedies on satisfactory terms or at all.

Resolute s revolving credit facility has substantial financial and operating covenants that restrict Resolute s business and financing activities and prohibit Resolute from paying dividends. Future borrowing agreements would likely include similar restrictions.

The operating and financial covenants in Resolute s senior secured revolving credit facility restrict Resolute s ability to finance future operations or capital needs or to engage, expand or pursue its business activities. Resolute s revolving credit facility currently restricts, and it anticipates that any amendment to such facility would restrict, its ability to:

incur indebtedness;

grant liens;

make acquisitions and investments;

lease equipment;

redeem or prepay other debt;

pay dividends to shareholders or repurchase shares;

enter into transactions with affiliates; and

enter into a merger, consolidation or sale of assets.

The revolving credit agreement matures in March 2014, unless extended, and is secured by all of Resolute s oil and gas properties as well as a pledge of all ownership interests in operating subsidiaries. The revolving credit agreement has a borrowing base (currently $260 million) determined by the lenders based on their evaluation of the value of the collateral. Resolute is required to maintain a consolidated current ratio of at least 1.0 to 1.0 at the end of any fiscal quarter; and may not permit its Maximum Leverage Ratio (consolidated indebtedness to consolidated EBITDA as defined in the credit agreement) to exceed 4.0 to 1.0 at the end of each fiscal quarter. Resolute s revolving credit facility does not permit it to pay dividends to shareholders.

Resolute may enter into additional borrowing agreements which would likely include additional operating and financial covenants.

Shortages of qualified personnel or field equipment and services could affect Resolute s ability to execute its plans on a timely basis, reduce its cash flow and adversely affect its results of operations.

The demand for qualified and experienced geologists, geophysicists, engineers, field operations specialists, landmen, financial experts and other personnel in the oil and gas industry can fluctuate significantly, often in correlation with oil and gas prices, causing periodic shortages. From time to time, there also have been shortages of drilling rigs and other field equipment, as demand for rigs and equipment has increased along with the number of wells being drilled. These factors can also result in significant increases in costs for equipment, services and personnel. Higher oil and gas prices generally stimulate increased demand and result in increased prices for drilling rigs, crews and associated supplies, equipment and services. Historically, increased demand resulting from high commodity prices have at times significantly increased costs and resulted in some difficulty in obtaining drilling rigs, experienced crews and related services. Resolute may continue to experience such difficulties in the future. If shortages persist or prices continue to increase, Resolute s profit margin, cash flow and operating results could be adversely affected and Resolute s ability to conduct its operations in accordance with current plans and budgets could be restricted.

Resolute s hedging activities could reduce its net income, which could reduce the price at which the Company s stock may trade.

To achieve more predictable cash flow and to reduce Resolute s exposure to adverse changes in the price of oil and gas, Resolute has entered into, and plans to enter into in the future, derivative arrangements covering a significant portion of its oil and gas production. These derivative arrangements could result in both realized and unrealized hedging losses. Resolute s derivative instruments are subject to mark-to-market accounting treatment, and the change in fair market value of the instrument is reported in Resolute s statement of operations each quarter, which has resulted in, and will in the future likely result in, significant unrealized net gains or losses.

Year	Oil Swap Volumes Bbl per Day	Oil (NYMEX WTI) Weighted Average Hedge Price per Bbl	Collar Volumes Bbl per Day	Floor Price	Ceiling Price
2010	3,650	$ 67.24	200	$105.00	$151.00
2011	3,250	$ 68.26			
2012	3,250	$ 68.26			
2013	2,000	$ 60.47			

As of December 31, 2009, Resolute had in place oil and gas swaps, oil and gas collars and a gas basis hedge. These included oil swaps covering approximately 75% of its anticipated 2010 oil production at a weighted average price of $67.24 per Bbl, oil collars covering approximately 4% of its anticipated 2010 oil production with a floor of $105.00 per Bbl and ceiling of $151.00 per Bbl, gas swaps covering approximately 73% of its anticipated 2010 gas production at a weighted average price of $9.69 per MMBtu, and a CIG gas basis hedge priced at $2.10 per MMBtu covering approximately 34% of its anticipated 2010 gas production. Additional instruments are also in place for future years and are summarized in the table below. Resolute expects to continue to use hedging arrangements to reduce commodity price risk with respect to its estimated production from producing properties. Please read *Management s Discussion and Analysis of Financial Condition and Results of Operations How Resolute Evaluates Its Operations Production Levels, Trends and Prices* and *Management s Discussion and Analysis of Financial Condition and Results of Operations Quantitative and Qualitative Disclosures About Market Risk*.

		Basic Hedges		
Year	**Gas Swap Volumes MMBtu per day**	**Gas (Henry Hub) Swap Price**	**Swap Volumes MMBtu per Day**	**Swap Price**
2010	3,800	$ 9.69	1,800	$ 2.10
2011	2,750	$ 9.32	1,800	$ 2.10
2012	2,100	$ 7.42	1,800	$ 2.10
2013	1,900	$ 7.40	1,800	$ 2.10

Resolute s actual future production during a period may be significantly higher or lower than it estimates at the time it enters into derivative transactions for such period. If the actual amount is higher than it estimates, it will have more unhedged production and therefore greater commodity price exposure than it intended. If the actual amount is lower than the nominal amount that is subject to Resolute s derivative financial instruments, it might be forced to satisfy all or a portion of its derivative transactions without the benefit of the cash flow from its sale of the underlying physical commodity, resulting in a substantial diminution of its liquidity. As a result of these factors, Resolute s derivative activities may not be as effective as it intends in reducing the volatility of its cash flows, and in certain circumstances may actually increase the volatility of its cash flows.

In addition, Resolute s derivative activities are subject to the risk that a counterparty may not perform its obligation under the applicable derivative instrument. If hedge counterparties, some of which have received governmental support in connection with the ongoing credit crisis, are unable to make payments to Resolute under its hedging arrangements, Resolute s results of operations, financial condition and liquidity would be adversely affected.

The effectiveness of hedging transactions to protect Resolute from future oil price declines will be dependent upon oil prices at the time it enters into future hedging transactions as well as its future levels of hedging, and as a result its future net cash flow may be more sensitive to commodity price changes.

As Resolute s hedges expire, more of its future production will be sold at market prices unless it enters into additional hedging transactions. Resolute s revolving credit facility prohibits it from entering into hedging arrangements for more than 85% of its production from projected proved developed producing reserves using economic parameters specified in its credit agreements. The prices at which Resolute hedges its production in the future will be dependent upon commodity prices at the time it enters into these transactions, which may be substantially lower than current prices. Accordingly, Resolute s commodity price hedging strategy will not protect it from significant and sustained declines in oil and gas prices received for its future production. Conversely, Resolute s commodity price hedging strategy may limit its ability to realize cash flow from commodity price increases. It is also possible that a larger percentage of Resolute s future production will not be hedged as the Company s hedging policies may change, which would result in its oil revenue becoming more sensitive to commodity price changes.

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The nature of Resolute s assets exposes it to significant costs and liabilities with respect to environmental and operational safety matters. Resolute is responsible for costs associated with the removal and remediation of the decommissioned Aneth Gas Processing Plant.

Resolute may incur significant costs and liabilities as a result of environmental, health and safety requirements applicable to its oil and gas exploitation, production and other activities. These costs and liabilities could arise under a wide range of environmental, health and safety laws and regulations, including agency interpretations thereof and governmental enforcement policies, which have tended to become increasingly strict over time. Failure to comply with these laws and regulations may result in the assessment of administrative, civil and criminal penalties, the imposition of investigatory, cleanup and site restoration costs and liens, the denial or revocation of permits or other authorizations and the issuance of injunctions to limit or cease operations. Compliance with these laws and regulations also increases the cost of Resolute s operations and may prevent or delay the commencement or continuance of a given operation. In addition, claims for damages to persons or property may result from environmental and other impacts of its operations.

Resolute has an interest in the Aneth Gas Processing Plant, which is currently being decommissioned. Under Resolute s purchase agreement with Chevron, Chevron is responsible for indemnifying Resolute against the decommissioning and clean-up or remediation costs allocable to the 39% interest Resolute purchased from it. Under Resolute s purchase agreement with ExxonMobil, however, Resolute is responsible for the decommissioning and clean-up or remediation cost allocable to the interests it purchased from ExxonMobil, which is 25% of the total cost of the project. If Chevron fails to pay its share of the decommissioning costs in accordance with the purchase agreement, Resolute could be held responsible for 64% of the total costs to decommission and remediate the Aneth Gas Processing Plant. Chevron is managing the decommissioning process and, based on Resolute s current estimate, the total cost of the decommissioning is $28.0 million. $17.1 million has already been incurred and paid for as of December 31, 2009. This estimate does not include any costs for any possible subsurface clean-up or remediation of the site.

The Aneth Gas Processing Plant site was previously evaluated by the U.S. Environmental Protection Agency (EPA) for possible listing on the National Priorities List (NPL) of sites contaminated with hazardous substances with the highest priority for clean-up under the Comprehensive Environmental Response Compensation and Liability Act (CERCLA). Based on its investigation, the EPA concluded no further investigation was warranted and that the site was not required to be listed on the NPL. The Navajo Environmental Protection Agency now has primary jurisdiction over the Aneth Gas Processing Plant site, however, and Resolute cannot predict whether it will require further investigation and possible clean-up, and the ultimate cleanup liability may be affected by the recent enactment by the Navajo Nation of a Navajo CERCLA. In some matters, the Navajo CERCLA imposes broader obligations and liabilities than the federal CERCLA. Resolute has been advised by Chevron that a significant portion of the subsurface clean-up or remediation costs, if any, would be covered by an indemnity from the prior owner of the plant, and Chevron has provided Resolute with a copy of the pertinent purchase agreement that appears to support its position. Resolute cannot predict whether any subsurface remediation will be required or what the costs of the subsurface clean-up or remediation could be. Additionally, it cannot be certain whether any of such costs will be reimbursable to it pursuant to the indemnity of the prior owner. To the extent any such costs are incurred and not reimbursed pursuant to the indemnity from the prior owner, Resolute would be liable for 25% of such costs as a result of its acquisition of the ExxonMobil Properties. Please read *Resolute s Business and Properties Aneth Gas Processing Plant* for additional information about this liability.

Strict or joint and several liability to remediate contamination may be imposed under environmental laws, which could cause Resolute to become liable for the conduct of others or for consequences of its own actions that were in compliance with all applicable laws at the time those actions

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were taken. New or modified environmental, health or safety laws, regulations or enforcement policies could be more stringent and impose unforeseen liabilities or significantly increase compliance costs. Please read *Resolute s Business and Properties Environmental, Health and Safety Matters and Regulation* for more information.

Resolute may be unable to compete effectively with larger companies, which may adversely affect its operations and ability to generate and maintain sufficient revenue.

The oil and gas industry is intensely competitive, and Resolute competes with companies that have greater resources. Many of these companies not only explore for and produce oil and gas, but also refine and market petroleum and other products on a regional, national or worldwide basis. These companies may be able to pay more for oil and gas properties and exploratory prospects or identify, evaluate, bid for and purchase a greater number of properties and prospects than Resolute s financial or human resources permit. In addition, these companies may have a greater ability to continue exploration or exploitation activities during periods of low oil and gas market prices. Resolute s larger competitors may be able to absorb the burden of present and future federal, state, local and other laws and regulations more easily than Resolute can, which would adversely affect Resolute s competitive position. Resolute s ability to acquire additional properties and to discover reserves in the future will depend upon its ability to evaluate and select suitable properties and to consummate transactions in this highly competitive environment.

Resolute is subject to complex federal, state, tribal, local and other laws and regulations that could adversely affect the cost, manner or feasibility of doing business.

Exploration, exploitation, development, production and marketing operations in the oil and gas industry are regulated extensively at the federal, state and local levels. In addition, substantially all of Resolute s current leases in the Aneth Field are regulated by the Navajo Nation. Some of its future leases may be regulated by Native American tribes. Environmental and other governmental laws and regulations have increased the costs to plan, design, drill, install, operate and properly abandon oil and gas wells and other recovery operations. Under these laws and regulations, Resolute could also be liable for personal injuries, property damage and other damages. Failure to comply with these laws and regulations may result in the suspension or termination of Resolute s operations or denial or revocation of permits and subject Resolute to administrative, civil and criminal penalties. In addition, the President s budget and other legislative proposals would terminate various tax deductions currently available to companies engaged in oil and gas development and production. Tax deductions that are proposed to be terminated include the deduction for intangible drilling and development costs, the deduction for qualified tertiary injectant expenses, and the domestic manufacturing deduction. If enacted, the elimination of these deductions will adversely affect our business.

Part of the regulatory environment in which Resolute operates includes, in some cases, federal requirements for obtaining environmental assessments, environmental impact statements and/or plans of development before commencing exploration and production activities. In addition, Resolute s activities are subject to regulation by oil and gas producing states and the Navajo Nation regarding conservation practices, protection of correlative rights and other concerns. These regulations affect Resolute s operations and could limit the quantity of oil and gas it may produce and sell. A risk inherent in Resolute s CO_2 flood project is the need to obtain permits from federal, state, local and Navajo Nation tribal authorities. Delays or failures in obtaining regulatory approvals or permits or the receipt of an approval or permit with unreasonable conditions or costs could have a material adverse effect on Resolute s ability to exploit its properties. Additionally, the oil and gas regulatory environment could change in ways that might substantially increase the financial and managerial costs to comply with the requirements of these laws and regulations and, consequently, adversely affect Resolute s profitability.

Proposed greenhouse gases, or GHG, reporting rules, and proposed GHG cap and trade legislation are two examples of proposed changes in the regulatory climate that would affect Resolute. Furthermore, Resolute may be placed at a competitive disadvantage to larger companies in the industry, which can spread these additional costs over a greater number of wells and larger operating staff. Please read *Resolute s Business and Properties Environmental, Health and Safety Matters and Regulation* and *Resolute s Business and Properties Other Regulation of the Oil and Gas Industry* for a description of the laws and regulations that affect Resolute.

Possible regulation related to global warming and climate change could have an adverse effect on Resolute s operations and demand for oil and gas.

Recent scientific studies have suggested that emissions of GHG including CO_2 and methane, may be contributing to warming of the Earth s atmosphere. In response to such studies, the U.S. Congress is considering legislation to reduce emissions of GHG. In addition, several states have already taken legal measures to reduce emissions of GHG. As a result of the U.S. Supreme Court s decision on April 2, 2007, in *Massachusetts, et al. v. EPA* , the EPA also may be required to regulate GHG emissions from mobile sources (e.g. cars and trucks) even if Congress does not adopt new legislation specifically addressing emissions of GHG. Other nations have already agreed to regulate emissions of GHG, pursuant to the United Nations Framework Convention on Climate Change, and the subsequent Kyoto Protocol, an international treaty pursuant to which participating countries (not including the United States) have agreed to reduce their emissions of GHG to below 1990 levels by 2012. Passage of state or federal climate control legislation or other regulatory initiatives or the adoption of regulations by the EPA and state agencies that restrict emissions of GHG in areas in which Resolute conducts business could have an adverse effect on Resolute s operations and demand for oil and gas.

Resolute depends on a limited number of key personnel who would be difficult to replace.

Resolute depends substantially on the performance of its executive officers and other key employees. Resolute has not entered into any employment agreements with any of these employees, and Resolute does not maintain key person life insurance policies on any of these employees. The loss of any member of the senior management team or other key employees could negatively affect Resolute s ability to execute its business strategy.

Terrorist attacks aimed at Resolute s facilities or operations could adversely affect its business.

The United States has been the target of terrorist attacks of unprecedented scale. The U.S. government has issued warnings that U.S. energy assets may be the future targets of terrorist organizations. These developments have subjected Resolute s operations to increased risks. Any terrorist attack at Resolute s facilities, or those of its customers or suppliers, could have a material adverse effect on Resolute s business.

Work stoppages or other labor issues at Resolute s facilities could adversely affect its business, financial position, results of operations, or cash flows.

As of December 31, 2009, approximately 40 of Resolute s field level employees were represented by the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union, and covered by a collective bargaining agreement. Although Resolute believes that its relations with its employees are generally satisfactory, if Resolute is unable to reach agreement with any of its unionized work groups on future negotiations regarding the terms of their collective bargaining agreements, or if additional segments of Resolute s workforce become unionized, Resolute may be subject to work interruptions or stoppages. Work stoppages at the facilities of Resolute s

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customers or suppliers may also negatively affect Resolute s business. If any of Resolute s customers experience a material work stoppage, the customer may halt or limit the purchase of Resolute s products. Moreover, if any of Resolute s suppliers experience a work stoppage, its operations could be adversely affected if an alternative source of supply is not readily available. Any of these events could be disruptive to Resolute s operations and could adversely affect its business, financial position, results of operations, or cash flows.

Resolute may be required to write down the carrying value of its properties in the future.

Resolute uses the full cost accounting method for oil and gas exploitation, development and exploration activities. Under the full cost method rules, Resolute performs a ceiling test and if the net capitalized costs for a cost center exceed the ceiling for the relevant properties, it writes down the book value of the properties. Accordingly, Resolute could recognize impairments in the future if oil and gas prices are low, if Resolute has substantial downward adjustments to its estimated proved reserves, if Resolute experiences increases in its estimates of development costs or deterioration in its exploration and development results.

At December 31, 2009, using its year-end reserve estimates prepared in accordance with the recently promulgated SEC rules, total capitalized costs exceeded the full cost ceiling by approximately $150 million. No impairment expense was recorded at December 31, 2009, as the Company requested and received an exemption from the SEC to exclude the Resolute Transaction from the full cost ceiling assessment for a period of twelve months following the acquisition, provided the Company can demonstrate that the fair value of the acquired properties exceed the carrying value in the interim periods through June 30, 2010.

At the time of the Resolute Transaction, Resolute valued the properties using NYMEX forward strip prices for a period of five years and then held prices flat thereafter. The Company also used various discount rates and other risk factors depending on the classification of reserves. Management believes this internal pricing model reflected the fair value of the assets acquired. Under full cost ceiling test rules, the commodity price utilized was equal to the twelve-month unweighted arithmetic average of first day of the month prices, resulting in an average NYMEX oil price of $61.18 per barrel of oil and an average Henry Hub spot market price of gas of $3.87 per MMBtu of gas, which may not be indicative of actual fair market values.

The request for exemption was made because the Company believes that the fair value of the Resolute Transaction properties can be demonstrated beyond a reasonable doubt to exceed unamortized cost. Management continues to believe that its internal model utilizing NYMEX strip prices continues to reflect the fair value of these reserves and clearly exceeds carrying value at December 31, 2009.

At March 31, 2010, the full cost ceiling exceeded capitalized costs.

While commodity prices have increased since September 30, 2009, Resolute recognizes that due to volatility associated with oil and gas prices, a downward trend could occur. If such a case were to occur and is deemed to be other than temporary, Resolute would assess Resolute s properties for impairment during the requested exemption period. Further, if Resolute cannot demonstrate that fair value exceeds the unamortized carrying costs during the exemption periods, it will recognize impairment.

Compliance with the Sarbanes-Oxley Act of 2002 and other obligations of being a public company will require substantial financial and management resources.

Section 404 of the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act, will require that the Company implement, evaluate and report on its system of internal controls. If the Company fails to implement and maintain the adequacy of its internal controls, it could be subject to regulatory scrutiny, civil or criminal penalties and/or stockholder litigation. Any inability to provide reliable financial reports could harm the Company s business. Section 404 of the Sarbanes-Oxley Act also requires that the Company s independent registered public accounting firm report on management s evaluation of the Company s system of internal controls. In addition, as a newly public company, Resolute has been required to assume additional reporting and disclosure responsibilities, which will require the hiring of additional personnel and the establishment of additional systems. Any failure to implement required new or improved controls or systems, or difficulties encountered in the implementation of adequate controls over its financial processes and reporting and disclosures in the future, could harm the Company s operating results or cause the Company to fail to meet its reporting obligations. Inferior internal controls could also cause investors to lose confidence in the Company s reported financial information, which could have a negative effect on the trading price of the shares of Company common stock.

Risks Related to Resolute s Common Stock

Offers or availability for resale of a substantial number of shares of our common stock may cause the price of our common stock to decline.

If our warrant holders exercise outstanding Warrants and sell substantial amounts of our common stock in the public market, or if our stockholders resell substantial amounts of our common stock pursuant to a registration statement or upon the expiration of any statutory holding period under Rule 144 or Rule 145 under the Securities Act of 1933, as amended (the Securities Act), such resales could create a circumstance commonly referred to as an overhang and in anticipation of which the market price of our common stock could fall. The existence of an overhang, whether or not sales have occurred or are occurring, also could exert downward pressure on our stock price and make it more difficult for us to raise additional financing through the sale of equity or equity-related securities in the future at a time and price that we deem reasonable or appropriate. At March 31, 2010, the Company had outstanding warrants to purchase 48,400,000 shares of common stock at an exercise price of $13.00 per share, representing approximately 90% of the Company s outstanding common stock at such date. Exercise of these warrants will result in dilution to our stockholders, which could cause the market price of our common stock to decline.

Registration rights held by certain of our stockholders may have an adverse effect on the market price of our common stock.

Under a Registration Rights Agreement entered into in connection with the Resolute Transaction, holders of registrable securities have the right to demand registration under the Securities Act of all or a portion of their registrable securities subject to amount and time limitations. Holders of the registrable securities identified in the Registration Rights Agreement may demand four registrations. This Registration Statement does not constitute a demand registration. Additionally, whenever (i) we propose to register any of our securities under the Securities Act and (ii) the method we select would permit the registration of registrable securities, holders of registrable securities have the right to request the inclusion of their registrable securities in such registration. The resale of these shares in the public market upon exercise of the registration rights described above could adversely affect the market price of our common stock or impact our ability to raise additional equity capital. Parties to the Registration Rights Agreement have right to request registration of (i) shares representing approximately 25% of our outstanding common stock at March 31, 2010, and (ii) an additional 20,800,000 shares purchasable on exercise of outstanding warrants.

Delaware law and our amended and restated charter documents may impede or discourage a takeover that our stockholders may consider favorable.

Our amended and restated charter and bylaws have provisions that may deter, delay or prevent a third party from acquiring us. These provisions include:

- limitations on the ability of stockholders to amend our charter documents, including stockholder supermajority voting requirements;
- the inability of stockholders to act by written consent or to call special meetings;
- a classified board of directors with staggered three-year terms;
- the authority of our board of directors to issue, without stockholder approval, up to 1,000,000 shares of preferred stock with such terms as the board of directors may determine and to issue additional shares of our common stock; and

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advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors.

These provisions could have the effect of delaying, deferring or preventing a change in control, discourage others from making tender offers for our shares, lower the market price of our stock or impede the ability of our stockholders to change our management, even if such a change would be beneficial to our stockholders.

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITIONS AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the consolidated financial statements and the notes thereto contained in this prospectus. Due to the nature of the Resolute Transaction, two sets of financial statements are presented in this prospectus. The first set covers the reporting company, Resolute. The second set covers the predecessor company, Predecessor Resolute, through September 24, 2009. This discussion is presented in three parts, the first relating to the business of Resolute for the fiscal year ended December 31, 2009 (supplemented with a discussion of pro forma results of operations), the second setting forth comparative data with respect to Predecessor Resolute for the period ended September 24, 2009 and the third relating to the business of Resolute for the three-month period ended March 31, 2010, and the comparative data with respect to Predecessor Resolute for the three-month period ended March 31, 2009.

RESOLUTE ENERGY CORPORATION

The following section of MD&A addresses the business of Resolute, the Resolute Transaction, how Resolute evaluates its operations, factors that affect Resolute s operations and the results of operations, liquidity and capital resources of Resolute as the successor to HACI. HACI was the accounting acquirer in the Resolute financial statements presented herein. As such, the Resolute financial statements reflect the operations of HACI on a stand-alone basis prior to September 25, 2009, the date of closing of the Resolute Transaction, and reflect Predecessor Resolute s operations as part of Resolute for the period from September 25, 2009, through December 31, 2009.

Overview

Resolute is an independent oil and gas company engaged in the acquisition, exploration, development and production of oil, gas and hydrocarbon liquids. Resolute s strategy is to grow through exploration, exploitation and industry standard enhanced oil recovery projects.

As of December 31, 2009, Resolute s estimated net proved reserves were approximately 64 million equivalent barrels of oil (MMBoe), of which approximately 54% were proved developed reserves and approximately 77% were oil. The standardized measure of Resolute s estimated net proved reserves as of December 31, 2009, was $361 million.

Resolute focuses its efforts on increasing reserves and production while controlling costs at a level that is appropriate for long-term operations. Resolute s future earnings and cash flow from existing operations are dependent on a variety of factors including commodity prices, exploitation and recovery activities and its ability to manage its overall cost structure at a level that allows for profitable production.

The Resolute Transaction

On the Acquisition Date, Resolute consummated a business combination under the terms the Acquisition Agreement by and among Resolute, HACI, Resolute Holdings Sub, LLC (Sub), Resolute Subsidiary Corporation, a wholly-owned subsidiary of Resolute (Merger Sub), Resolute Aneth, LLC, a subsidiary of Sub (Aneth), Resolute Holdings, LLC and HH-HACI, L.P. (the Sponsor), pursuant to which HACI stockholders acquired a majority of the outstanding shares of capital stock of Resolute and Resolute acquired all of the operating companies previously owned by Sub. Prior to September 25, 2009, HACI was a blank check company formed for the purpose of acquiring, or acquiring control of, through a merger, capital stock exchange, asset acquisition, stock purchase, reorganization or similar business combination one or more businesses or assets.

As a result of the Resolute Transaction, through a series of transactions, shareholders of HACI common stock, par value $0.0001 per share, acquired approximately 82% of the outstanding shares of Resolute common stock, par value $0.0001 per share (Resolute common stock), and Sub owned approximately 18% of the outstanding Resolute common stock, excluding, in each case, warrants, options and the Resolute Earnout Shares (as defined below). HACI transferred $327 million remaining in its trust account, after payment of expenses of $11 million and redemption of HACI common stock and warrants in the amount of $201 million, to Aneth in exchange for a membership interest in Aneth. Sub then contributed its direct and indirect ownership interests in its operating subsidiaries to HACI. Merger Sub merged with and into HACI, with HACI surviving the merger and continuing as a wholly-owned subsidiary of Resolute. As required by the Acquisition Agreement, the $327 million was used to repay amounts owed under Aneth s credit facilities.

In exchange for Sub s contribution of its operating subsidiaries and as a result of the other transactions contemplated by the Acquisition Agreement, Sub acquired (i) 9,200,000 shares of Resolute common stock, (ii) 4,600,000 warrants to purchase Resolute common stock at a price of $13.00 per share, with a five year life and subject to a trigger price of $13.75 per share (the Resolute Founders Warrants), (iii) 2,333,333 warrants to purchase Resolute common stock at a price of $13.00 per share, with a five year life (the Resolute Sponsors Warrants), and (iv) 1,385,000 shares of Resolute common stock subject to forfeiture in the event a trigger price of $15.00 is not exceeded within five years following the closing of the Resolute Transaction and that have no economic rights until such trigger is met (the Resolute Earnout Shares). Of the 9,200,000 shares of Resolute common stock issuable to Sub, 200,000 were issued to employees of Predecessor Resolute who became employees of Resolute upon closing of the Resolute Transaction in recognition of their services. 100,000 shares vested immediately and the remaining 100,000 shares will vest on the one year anniversary of the Acquisition Date, provided the recipient remains employed by the Company on that date. At the effective time of the Resolute Transaction, each outstanding share of HACI common stock was converted into the right to receive one share of Resolute common stock.

In connection with the Resolute Transaction, 7,335,000 shares of HACI s common stock and 4,600,000 warrants to purchase HACI common stock held by the Sponsor were cancelled and forfeited and an additional 1,865,000 shares held by the Sponsor were converted into 1,865,000 Resolute Earnout Shares. As a result of the consummation of the Resolute Transaction, the Sponsor, together with its initial pre-public offering stockholders, owned (i) 4,600,000 shares of Resolute common stock, (ii) 9,200,000 Resolute Founders Warrants, (iii) 4,666,667 Resolute Sponsors Warrants, and (iv) 1,865,000 Resolute Earnout Shares.

At the effective time of the Resolute Transaction, each of the 55,200,000 outstanding warrants that were issued in HACI s initial public offering (the Public Warrants) was converted, at the election of the warrantholder, into either (i) the right to receive $0.55 in cash or (ii) when properly tendered, the right to receive one warrant to purchase one share of Resolute common stock (a Resolute Warrant) at a exercise price of $13.00, subject to adjustment. The number of total Resolute Warrants was limited to 27,600,000. Warrants that were voted against the Warrant Amendment (as defined below) were, at the effective time of the Resolute Transaction, converted into the right to receive $0.55 in cash. Because more than 50% of the HACI warrantholders elected to receive Resolute Warrants, the properly voted and tendered warrants were exchanged pro rata. The Resolute Warrants have a five year life and are subject to redemption upon 30 days prior notice (as defined) at $.01 per Resolute Warrant, at the Company s option, when the price of Resolute s common stock equals or exceed $18.00 per share for a specified period.

How Resolute Evaluates Its Operations

Resolute s management uses a variety of financial and operational measurements to analyze its operating performance. These measurements include: (i) production levels, trends and prices, (ii) reserve and production volumes and trends, (iii) operating expenses and general and administrative expenses, (iv) operating cash flow, and (v) EBITDA.

Production Levels, Trends and Prices. Oil and gas revenue is the product of Resolute s production multiplied by the price that it receives for that production. Because the price that Resolute receives is highly dependent on many factors outside of its control, except to the extent that it has entered into hedging arrangements that can influence its net price either positively or negatively, production is the primary revenue driver over which it has some influence. Although Resolute cannot greatly alter reservoir performance, it can aggressively implement exploitation activities that can increase production or diminish production declines relative to what would have been the case without intervention. Examples of activities that can positively influence production include minimizing production downtime due to equipment malfunction, well workovers and cleanouts, recompletions of existing wells in new parts of the reservoir, and expanded secondary and tertiary recovery programs. Total production for 2010 is expected to be between 2.7 and 2.8 MMBoe, or an average of 7,400 to 7,700 barrels of oil equivalent (Boe) per day.

The price of crude oil has been extremely volatile, and Resolute expects that this volatility will continue. Given the inherent volatility of crude oil prices, Resolute plans its activities and budget based on sales price assumptions that it believes to be reasonable. Resolute uses hedging arrangements to provide a measure of stability to its cash flows in an environment of volatile oil and gas prices. These instruments limit its exposure to declines in prices, but also limit its expected benefits if prices increase. Changes in the price of oil or gas will result in the recognition of a non-cash gain or loss recorded in other income or expense due to changes in the fair value of the hedging arrangements. Recognized gains or losses only arise from payments made or received on monthly settlements of contracts or if a contract is terminated prior to its expiration. Resolute typically enters into hedging arrangements that cover a significant portion of its estimated future oil and gas production. Resolute currently has such hedging arrangements in place through 2012, with lesser volumes hedged in 2013. Resolute has oil and gas derivatives in place for 2010 covering the aggregate average daily oil volumes of 3,850 barrels of oil at NYMEX weighted average prices of $69.19; daily gas volumes of 3,800 MMBtu at NYMEX weighted average prices of $9.69; and 1,800 MMBtu per day of CIG basis gas hedges at $2.10 per MMBtu. These derivatives provide price protection on an estimated 66% at the midpoint of previously announced guidance relating to 2010 oil production and 55% at the midpoint of previously announced guidance relating to 2010 gas production.

Reserve and Production Volumes and Trends. From inception, Predecessor Resolute grew its reserve base through a focused acquisition strategy, completing three significant acquisitions. Predecessor Resolute acquired substantially all of its Aneth Field Properties through two significant purchases: the acquisition of the Chevron Properties was completed in November 2004 followed by the acquisition of the ExxonMobil Properties in April 2006. Predecessor Resolute acquired all of its Wyoming Properties through the purchase of Primary Natural Resources, Inc. (now known as Resolute Wyoming, Inc. (RWI)) in July 2008. Resolute looks to acquire similar producing properties that have upside potential through low-risk development drilling and exploitation projects. Resolute believes that its knowledge of various domestic, on shore operating areas, strong management and staff and solid industry relationships will allow it to find, capitalize on and integrate strategic acquisition opportunities.

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At December 31, 2009, Resolute had estimated net proved reserves of approximately 42 MMBoe that were classified as proved developed non-producing and proved undeveloped. An estimated 40 MMBoe, or 95%, of those reserves are attributable to recoveries associated with expansions, extensions and processing of the tertiary recovery CO_2 floods that are currently in operation on Resolute s Aneth Field Properties. Resolute expects to incur approximately $377 million of capital expenditures over the next 28 years (including purchases of CO_2 under existing contracts), in connection with bringing those incremental reserves attributable to Resolute s CO_2 flood projects into production. Resolute believes that these expenditures will result in significant increases in its oil and gas production.

Operating Expenses. Operating expenses are costs associated with the operation of oil and gas properties and are classified as lease operating expenses and production and ad valorem taxes. Direct labor, repair and maintenance, workovers, utilities and contract services comprise the most significant portion of lease operating expenses. Resolute monitors its operating expenses in relation to the amount of production and the number of wells operated. Some of these expenses are relatively independent of the volume of hydrocarbons produced, but may fluctuate depending on the activities performed during a specific period. Other expenses, such as taxes and utility costs, are more directly related to production volumes or reserves. Severance taxes, for example, are charged based on production revenue and therefore are based on the product of the volumes that are sold and the price received therefor. Ad valorem taxes are based on the value of reserves. Because Resolute operates on the Navajo Reservation, it also pays a possessory interest tax, which is effectively an ad valorem tax assessed by the Navajo Nation. Resolute s largest utility expense is for electricity that is used primarily to power the pumps in producing wells and the compressors behind the injection wells. The more fluid that is moved, the greater the amount of electricity that is consumed. In the recent past, higher oil prices led to higher demand for drilling rigs, workover rigs, operating personnel and field supplies and services, which in turn caused increases in the costs of those goods and services. Resolute projects 2010 cash lease operating expenses of $17.75 to $18.25 per Boe of production. Production taxes for 2010 are expected to be 13.5% to 14.5% of 2010 production revenue.

General and Administrative Expenses. Resolute monitors its general and administrative expenses carefully, attempting to balance the cash effect of incurring general and administrative costs against the benefits of, among other things, hiring and retaining highly qualified staff who can add value to the Company s asset base. In the current period the Company s general and administrative expenses were high, primarily due to costs incurred in consummating the Resolute Transaction. In future periods, absent other transactions, Resolute anticipates that general and administrative costs will be significantly lower. However, management anticipates that, effective with the Resolute Transaction, the Company will incur material additional annual general and administrative expenses that are associated with being a publicly traded company. These expenses include compensation and benefit expenses of certain additional personnel, increased fees paid to independent auditors, lawyers, independent petroleum engineers and other professional advisors, costs associated with shareholder reports, investor relations activities, registrar and transfer agent fees, increased director and officer liability insurance costs and director compensation. Resolute expects G&A expense will be $3.00 to $3.50 per Boe of production, excluding non-cash stock-based compensation expense.

Operating Cash Flow. Operating cash flow is the cash directly derived from Resolute s oil and gas properties, before considering such things as administrative expenses and interest costs. Operating cash flow on a per unit of production basis is a measure of field efficiency, and can be compared to results obtained by operators of oil and gas properties with characteristics similar to Resolute s to evaluate relative performance. Aggregate operating cash flow is a measure of Resolute s ability to sustain overhead expenses and costs related to capital structure, including interest expenses.

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EBITDA. EBITDA (a non-GAAP measure) is defined by the Company as consolidated net income adjusted to exclude interest expense, interest income, income taxes, depletion, depreciation and amortization, impairment expense, accretion of asset retirement obligation, change in fair value of derivative instruments, expiration of puts, non-cash equity-based compensation expense and noncontrolling interest. This definition is consistent with the definition of EBITDA in Resolute s existing credit agreement. EBITDA is also a financial measure that Resolute expects will be reported to its lenders and used as a gauge for compliance with some of the financial covenants under its revolving credit facility.

EBITDA is used as a supplemental liquidity or performance measure by Resolute s management and by external users of its financial statements such as investors, commercial banks, research analysts and others, to assess:

- the ability of Resolute s assets to generate cash sufficient to pay interest costs;
- the financial metrics that support Resolute s indebtedness;
- Resolute s ability to finance capital expenditures;
- financial performance of the assets without regard to financing methods, capital structure or historical cost basis;
- Resolute s operating performance and return on capital as compared to those of other companies in the exploration and production industry, without regard to financing methods or capital structure; and
- the viability of acquisitions and capital expenditure projects and the overall rates of return on alternative investment opportunities.

EBITDA should not be considered an alternative to, or more meaningful than, net income, operating income, cash flows from operating activities or any other measure of financial performance presented in accordance with GAAP as measures of operating performance, liquidity or ability to service debt obligations. Because Resolute has borrowed money to finance its operations, interest expense is a necessary element of its costs and its ability to generate gross margins. Because Resolute uses capital assets, depletion, depreciation and amortization are also necessary elements of its costs. Therefore, any measures that exclude these elements have material limitations. To compensate for these limitations, Resolute believes that it is important to consider both net income and net cash provided by operating activities determined under GAAP, as well as EBITDA, to evaluate its financial performance and liquidity. EBITDA excludes some, but not all, items that affect net income, operating income and net cash provided by operating activities and these measures may vary among companies. Resolute s EBITDA may not be comparable to EBITDA or EBITDA of any other company because other entities may not calculate these measures in the same manner.

Factors That Significantly Affect Resolute s Financial Results

Revenue, cash flow from operations and future growth depend substantially on factors beyond Resolute s control, such as economic, political and regulatory developments and competition from other sources of energy. Crude oil prices have historically been volatile and may be expected to fluctuate widely in the future. Sustained periods of low prices for crude oil could materially and adversely affect Resolute s financial position, its results of operations, the quantities of oil and gas that it can economically produce, and its ability to obtain capital.

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Like all businesses engaged in the exploration for and production of oil and gas, Resolute faces the challenge of natural production declines. As initial reservoir pressures are depleted, oil and gas production from a given well decreases. Thus, an oil and gas exploration and production company depletes part of its asset base with each unit of oil or gas it produces. Resolute attempts to overcome this natural decline by implementing secondary and tertiary recovery techniques and by acquiring more reserves than it produces. Resolute s future growth will depend on its ability to enhance production levels from existing reserves and to continue to add reserves in excess of production. Resolute will maintain its focus on costs necessary to produce its reserves as well as the costs necessary to add reserves through production enhancement, drilling and acquisitions. Resolute s ability to make capital expenditures to increase production from existing reserves and to acquire more reserves is dependent on availability of capital resources, and can be limited by many factors, including the ability to obtain capital in a cost-effective manner and to timely obtain permits and regulatory approvals.

Results of Operations

Through September 24, 2009, HACI s efforts had been primarily 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; HACI had not generated any revenue, other than interest income earned on the proceeds of its initial public offering.

For the purposes of management s discussion and analysis of results of operations of Resolute, management has analyzed the year ended December 31, 2009, in comparison to the year ended December 31, 2008, for HACI. Any references to the 2009 or 2008 period refer to these specific periods and companies. However, as a result of the Resolute Transaction, the 2009 period includes 98 days of oil and gas operations, while the 2008 period has no such activity.

Key measurements for the year ended December 31, 2009 were as follows:

	Year Ended December 31, 2009
Net Sales:	
Total sales (Boe)	702,849
Average daily sales (Boe/d)	7,172
Average Sales Prices ($/Boe):	
Average sales price (excluding derivative settlements)	$ 60.35
Average sales price (including derivative settlements)	$ 55.80
Expense per Boe:	
Lease operating expenses	$ 31.29
General and administrative expenses	$ 33.90
Depletion, depreciation, amortization and accretion	$ 16.42

Subsequent to the Acquisition Date, the results of operations include Resolute and its subsidiaries (including HACI). For the year ended December 31, 2009, Resolute had a loss before income taxes of $65.1 million, a decrease of $71.1 million, as compared to income before income taxes of approximately $6.0 million for the year ended December 31, 2008. The decrease is primarily attributable to $16.6 million of Resolute Transaction costs, $46.3 million of unrealized losses related to the change in the fair value of our derivative instruments and a $6.8 million decrease in interest income during the year ended December 31, 2009. For the year ended December 31, 2009, Resolute earned approximately $0.8 million in interest income, as compared to $7.6 million in 2008. Interest income decreased in 2009 due to a decrease in cash and cash equivalents and cash held in trust, as well as a decrease in interest rates as a result of market conditions.

For the year ended December 31, 2008, Resolute had income before income taxes of approximately $6.0 million, an increase of $1.9 million as compared to income before income taxes of $4.1 million for the year ended December 31, 2007. The increase is primarily attributable to $2.4 million of additional interest income in 2008. For the year ended December 31, 2008, Resolute earned approximately $7.6 million in interest income, as compared to $5.2 million in 2007. Interest income increased in 2008 due to a significant increase in cash and cash equivalents as well as a full year of operations versus ten months of operations in 2007.

Revenue, lease operating expenses, depletion, depreciation, amortization and asset retirement obligation accretion, interest expense and loss on derivative instruments for the periods prior to September 25, 2009, relate solely to Predecessor Resolute s operations and are not included in the Resolute Management Discussion and Analysis. For additional management discussion and analysis of the results of the acquired business, please see the management discussion and analysis for the Predecessor Resolute below.

Unaudited Pro Forma Results of Operations

The following unaudited pro forma consolidated financial information is provided to supplement the financial statement presentations contained herein. Such unaudited pro forma data is prepared as if the Resolute Transaction and the 2008 acquisition of a net profits interest by RWI occurred on January 1, 2008. These pro forma results eliminate certain activities of HACI as well as certain other non-recurring items in order to present what the Company believes is representative of the underlying business of the Company. The unaudited pro forma financial information is presented for informational purposes only and is not indicative of the results of operations that would have been achieved if the Resolute Transaction had taken place at the beginning of the earliest period presented or that may result in the future. The pro forma adjustments made are based on certain assumptions that Resolute believes are reasonable based on currently available information.

The pro forma loss from operations was $26.6 million in 2009, a decrease of $149.6 million, or 85%, as compared to the pro forma loss from operations of $176.2 million in 2008. The components of this decrease are analyzed below.

Pro forma revenue was $127.8 million in 2009, a decrease of $107.8 million, or 46%, as compared to the $235.6 million in 2008. The decrease in pro forma revenue was principally due to the 41% decrease in average sales price to $47.07 per Boe in 2009 from $80.02 in 2008. Additionally, pro forma production declined 8% to 2.7 MMBoe in 2009 from 2.9 MMBoe in 2008, principally due to the loss of production from coalbed methane (CBM) wells that produced during all of 2008, but were shut-in during a majority of 2009 due to low commodity prices.

Pro forma combined lease operating expenses and production and ad valorem taxes were $68.8 million in 2009, a decrease of $21.2 million, or 24%, as compared to $90.0 million in 2008. Pro forma production taxes declined $10.8 million, or 37%, principally as a result of lower revenue, and lease operating expenses declined $10.4 million, or 17%, as Resolute and Predecessor Resolute endeavored to reduce lease operating and workover costs during the low commodity price environment in 2009.

Pro forma general and administrative (and write-off of deferred acquisition costs) expenses were $31.9 million in 2009, an increase of $10.1 million, or 46%, as compared to $21.8 million in 2008. The increase is principally due to the $19.1 million of acquisition and transaction costs expensed in 2009, as compared to the $5.1 million of similar costs in 2008. Offsetting decreases were principally due to the $3.7 million of equity-based compensation in 2009, as compared to the $7.9 million of similar cost in 2008.

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Pro forma depletion, depreciation, amortization and accretion expense was $40.1 million in 2009, a decrease of $14.9 million, or 27%, as compared to the $55.0 million in 2008. The decrease is partially due to the 8% decrease in pro forma production noted above, but is primarily due to the lower pro forma carrying cost of proved oil and gas properties in 2009 following the $245.0 million of impairment of proved properties recorded at December 31, 2008, and the additional $13.3 million impairment recorded at March 31, 2009.

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Contractual Obligations

Resolute has the following contractual obligations and commitments as of December 31, 2009:

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	Payments Due By Year (in thousands)						
	2010	2011	2012	2013	2014	After 2014	Total (5)
Long-term debt (1)	$	$109,575	$	$	$	$	$109,575
Office and equipment leases	460	399					859
Operating equipment leases (2)	2,747	2,747	2,747	2,747	2,747	5,769	19,504
ExxonMobil escrow agreement (3)	1,800	1,800	1,800	1,800	1,800	17,900	26,900
CO_2 purchases (4)	17,689	14,665	11,477	11,088	4,924	5,443	65,286
Total	$22,696	$129,186	$16,024	$15,635	$9,471	$29,112	$222,124

1) Included in long-term debt is the outstanding principal amount under Resolute s Credit Facility. This table does not include future commitment fees, interest expense or other fees because the Credit Facility is floating rate instrument, and the Company cannot determine with accuracy the timing of future loan advances, repayments or future interest rates to be charged.

2) Operating equipment

leases consist of compressors and other oil and gas field equipment used in the CO_2 project.

3) Under the terms of Resolute s purchase agreement with ExxonMobil, Resolute is obligated to make annual deposits into an escrow account that will be used to fund plugging and abandonment liabilities associated with the ExxonMobil Properties.

4) Represents the minimum take-or-pay quantities associated with Resolute s existing CO_2 purchase contracts. For purposes of calculating the future purchase obligation under these contracts, Resolute has assumed the purchase price over the term of the contracts was the price in effect as of December 31, 2009.

5)

Total contractually obligated payment commitments do not include the anticipated settlement of derivative contracts, obligations to taxing authorities or amounts relating to our asset retirement obligations, which include plugging and abandonment obligations, due to the uncertainty surrounding the ultimate settlement amounts and timing of these obligations. Resolute s total asset retirement obligations were $9.2 million at December 31, 2009.

Critical Accounting Policies

The discussion and analysis of Resolute s financial condition and results of operations is based upon the consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires Resolute to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and related disclosure of contingent assets and liabilities. The application of accounting policies involve judgments and uncertainties to such an extent that there is reasonable likelihood that materially different amounts could have been reported under different conditions, or if different assumptions had been used. Resolute evaluates estimates and assumptions on a regular basis. Resolute bases estimates on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ, perhaps materially, from these estimates and assumptions used in preparation of Resolute s financial statements. Provided below is an expanded discussion of the most significant accounting policies, estimates and judgments. Resolute believes these accounting policies reflect Resolute s most significant estimates and assumptions used in the preparation of the financial statements.

Oil and Gas Properties. Resolute uses the full cost method of accounting for oil and gas producing activities. All costs incurred in the acquisition, exploration and development of properties, including costs of unsuccessful exploration, costs of surrendered and abandoned leaseholds, delay lease rentals and the fair value of estimated future costs of site restoration, dismantlement and abandonment activities, improved recovery systems and a portion of general and administrative expenses are capitalized within the cost center.

Resolute conducts tertiary recovery projects on a portion of its oil and gas properties in order to recover additional hydrocarbons that are not recoverable from primary or secondary recovery methods. Under the full cost method, all development costs are capitalized at the time incurred. Development costs include charges associated with access to and preparation of well locations, drilling and equipping development wells, test wells, and service wells including injection wells; acquiring, constructing, and installing production facilities and providing for improved recovery systems. Improved recovery systems include all related facility development costs and the cost of the acquisition of tertiary injectants, primarily purchased CO_2. The development cost related to CO_2 purchases are incurred solely for the purpose of gaining access to incremental reserves not otherwise recoverable. The accumulation of injected CO_2, in combination with additional purchased and recycled CO_2, provide future economic value over the life of the project.

In contrast, other costs related to the daily operation of the improved recovery systems include, but are not limited to, compression, electricity, separation, re-injection of recovered CO_2 and water, are considered production costs and are expensed as incurred. Costs incurred to maintain reservoir pressure are also expensed as incurred.

Capitalized general and administrative costs include salaries, employee benefits, costs of consulting services and other specifically identifiable costs and do not include costs related to production operations, general corporate overhead or similar activities.

Investments in unproved properties are not depleted, pending determination of the existence of proved reserves. Unproved properties are assessed periodically to ascertain whether impairment has occurred. Unproved properties whose costs are individually significant are assessed individually by considering the primary lease terms of the properties, the holding period of the properties, and geographic and geologic data obtained relating to the properties. Where it is not practicable to assess individually the amount of impairment of properties for which costs are not individually significant, such properties are grouped for purposes of assessing impairment. The amount of impairment assessed is added to the costs to be amortized, or is reported as a period expense as appropriate.

Pursuant to full cost accounting rules, Resolute must perform a ceiling test each quarter on its proved oil and gas assets. The ceiling test provides that capitalized costs less related accumulated depletion and deferred income taxes for each cost center may not exceed the sum of (1) the present value of future net revenue from estimated production of proved oil and gas reserves using current prices, excluding the future cash outflows associated with settling asset retirement obligations that have been accrued on the balance sheet, and a discount factor of 10%; plus (2) the cost of properties not being amortized, if any; plus (3) the lower of cost or estimated fair value of unproved properties included in the costs being amortized, if any; less (4) income tax effects related to differences in the book and tax basis of oil and gas properties. Should the net capitalized costs for a cost center exceed the sum of the components noted above, an impairment charge would be recognized to the extent of the excess capitalized costs.

No gain or loss is recognized upon the sale or abandonment of undeveloped or producing oil and gas properties unless the sale represents a significant portion of oil and gas properties and the gain significantly alters the relationship between capitalized costs and proved oil reserves of the cost center.

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Depletion and amortization of oil and gas properties is computed on the unit-of-production method based on proved reserves. Amortizable costs include estimates of asset retirement obligations and future development costs of proved reserves, including, but not limited to, costs to drill and equip development wells, constructing and installing production and processing facilities, and improved recovery systems including the cost of required future CO_2 purchases.

Oil and Gas Reserve Quantities. Resolute s estimate of proved reserves is based on the quantities of oil and gas that engineering and geological analyses demonstrate, with reasonable certainty, to be recoverable from established reservoirs in the future under current operating and economic parameters. Reserves and their relation to estimated future net cash flows affect Resolute s depletion and impairment calculations. As a result, adjustments to depletion and impairment are made concurrently with changes to reserves estimates. Resolute prepares reserves estimates, and the projected cash flows derived from these reserves estimates, in accordance with Securities and Exchange Commission (SEC) and Financial Accounting Standards Board (FASB) guidelines. The accuracy of Resolute s reserves estimates is a function of many factors including but not limited to the following: the quality and quantity of available data, the interpretation of that data, the accuracy of various mandated economic assumptions and the judgments of the individuals preparing the estimates. Resolute s proved reserves estimates are a function of many assumptions, any or all of which could deviate significantly from actual results. As such, reserves estimates may vary materially from the ultimate quantities of oil, gas and natural gas liquids reserves eventually recovered.

Derivative Instruments and Hedging Activities. Resolute enters into derivative contracts to manage its exposure to oil and gas price volatility. Derivative contracts may take the form of futures contracts, swaps or options. Realized and unrealized gains and losses related to commodity derivatives are recognized in other income (expense). Realized gains and losses are recognized in the period in which the related contract is settled. The cash flows from derivatives are reported as cash flows from operating activities unless the derivative contract is deemed to contain a financing element. Derivatives deemed to contain a financing element are reported as financing activities in the consolidated statement of cash flows.

FASB Accounting Standards Codification (ASC) Topic 815, *Derivatives and Hedging*, requires recognition of all derivative instruments on the balance sheet as either assets or liabilities measured at fair value. Changes in the fair value of a derivative are recognized currently in earnings unless specific hedge accounting criteria are met. Gains and losses on derivative hedging instruments must be recorded in either other comprehensive income or current earnings, depending on the nature and designation of the instrument. Presently, Resolute s management has determined that the benefit of the financial statement presentation available under the provisions of FASB ASC Topic 815, which may allow for its derivative instruments to be reflected as cash flow hedges, is not commensurate with the administrative burden required to support that treatment. As a result, Resolute marked its derivative instruments to fair value in accordance with the provisions of FASB ASC Topic 815 and recognized the changes in fair market value in earnings. Gains and losses on derivative instruments reflected in the consolidated statement of operations incorporate both realized and unrealized values.

Asset Retirement Obligations. Asset retirement obligations relate to future costs associated with the plugging and abandonment of oil and gas wells, removal of equipment and facilities from leased acreage and returning such land to its original condition. The fair value of a liability for an asset retirement obligation is recorded in the period in which it is incurred (typically when the asset is installed at the production location), and the cost of such liability increases the carrying amount of the related long-lived asset by the same amount. The liability is accreted each period and the capitalized cost is depleted on a units-of-production basis as part of the full cost pool. Revisions to estimated retirement obligations result in adjustments to the related capitalized asset and corresponding liability.

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Resolute s estimated asset retirement obligation liability is based on estimated economic lives, estimates as to the cost to abandon the wells in the future, and federal and state regulatory requirements. The liability is discounted using a credit-adjusted risk-free rate estimated at the time the liability is incurred or revised. Revisions to the liability could occur due to changes in estimated abandonment costs or well economic lives, or if federal or state regulators enact new requirements regarding the abandonment of wells.

Equity-Based Compensation. Resolute accounts for stock-based compensation in accordance with FASB ASC Topic 718, which requires it to measure the grant date fair value of equity awards given to employees in exchange for services, and to recognize that cost, less estimated forfeitures, over the period that such services are performed.

Income Taxes. Deferred tax assets and liabilities are recorded to account for the expected future tax consequences of events that have been recognized in the financial statements and tax returns. The ability to realize the deferred tax assets is routinely assessed. If the conclusion is that it is more likely than not that some portion or all of the deferred tax assets will not be realized, the tax asset would be reduced by a valuation allowance. The future taxable income is considered when making such assessments. Numerous judgments and assumptions are inherent in the determination of future taxable income, including factors such as future operating conditions (particularly as related to prevailing oil and gas prices). Income tax positions are also required to meet a more-likely-than-not recognition threshold to be recognized in the financial statements. Tax positions that previously failed to meet the more-likely-than-not threshold are recognized in the first subsequent financial reporting period in which that threshold is met. Previously recognized tax positions that no longer meet the more-likely-than-not threshold are derecognized in the first subsequent financial reporting period in which that threshold is no longer met.

Accounting Standards Update

In June of 2009, the FASB established the ASC as the single source of authoritative GAAP for all non-governmental entities with the exception of authoritative guidance from the SEC. All other accounting literature is considered non-authoritative. The ASC changes the way the Company cites authoritative guidance within the Company s financial statements and notes to the financial statements. The ASC is effective for periods ending on or after September 15, 2009, and did not have a material impact on the Company s consolidated financial statements.

Resolute adopted FASB ASC Topic 805, *Business Combinations,* on January 1, 2009. This guidance establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the contingent and identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree. The nature and magnitude of the specific effects of this guidance on the consolidated financial statements will depend upon the nature, terms and size of the acquisitions consummated after the effective date.

In January 2010, the FASB issued additional guidance to improve disclosure requirements related to fair value measurements and disclosures. Specifically, this guidance requires disclosures about transfers in and out of Level 1 and 2 fair value measurements, activity in Level 3 fair value measurements, greater desegregation of the amounts on the consolidated balance sheets that are subject to fair value measurements and additional disclosures about the valuation techniques and inputs used in fair value measurements. This guidance is effective for reporting periods beginning after December 31, 2009, except for disclosure of Level 3 fair value measurement roll forward activity, which is effective for annual reporting periods beginning after December 15, 2010. This guidance was adopted in the first quarter of 2010 and had no impact on the condensed consolidated financial statements other than the additional disclosures.

On December 31, 2008, the SEC published the final rules and interpretations updating its oil and gas reporting requirements. Many of the revisions are updates to definitions in the existing oil and gas rules to make them consistent with the petroleum resource management system. This system, which was developed by several industry organizations, is a widely accepted standard for the management of petroleum resources. Key revisions include changes to the pricing used to estimate reserves, the ability to include nontraditional resources in reserves, the use of new technology for determining reserves, and permitting disclosure of probable and possible reserves. The FASB ASC was updated in January of 2010 to align the oil and gas reserve estimation and disclosure requirements in the ASC with the SEC s oil and gas reporting requirements. The SEC will require companies to comply with the amended disclosure requirements for registration statements filed after January 1, 2010, and for annual reports for fiscal years ending on or after December 15, 2009. Early adoption is not permitted. Resolute adopted the requirements for the year ended December 31, 2009 and the consolidated financial statements were affected in the following manner:

The price used in calculating reserves changed from a single-day closing price measured on the last day of the Company s fiscal year to a 12-month average first of the month price for the previous twelve months as of the balance sheet date. This average price was utilized in the Company s depletion and ceiling test calculations.

The notes to the consolidated financial statements include additional financial reporting disclosures.

PREDECESSOR RESOLUTE

The following section of MD&A addresses the period-to-period comparisons of operating results for Predecessor Resolute.

Period Ended September 24, 2009, Compared to the Year Ended December 31, 2008

For the purposes of management s discussion and analysis of results of operations of Predecessor Resolute, management has presented the 267 day period ended September 24, 2009 in comparison to the 366 day year ended December 31, 2008. Any references to the 2009 or 2008 period refer to these specific periods. As such, the 2009 period is 27.0% shorter than the 2008 period.

Revenue. Revenue from oil and gas activities decreased to $85.3 million during 2009, from $229.2 million during 2008. The key revenue measurements were as follows:

	2009	2008	Percentage Increase (Decrease)
Net Sales:			
Total sales (MBoe)	2,011	2,823	(28.8)%
Average daily sales (Boe/d)	7,530	7,712	(2.4)%
Average Sales Prices ($/Boe):			
Average sales price (excluding derivative settlements)	$42.45	$81.19	(47.7)%
Average sales price (including derivative settlements)	$48.31	$69.60	(30.6)%

Total production decreased 28.8% during 2009 as compared to 2008, decreased only 2.4% during 2009 on a daily basis as compared to 2008. The overall production decrease was primarily due to shut-in of CBM wells in 2009 that were producing in 2008 and the shorter 2009 production period. This decrease

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was mitigated on a daily basis by increased CO_2 production response in Aneth versus 2008. The average sales price per Boe decreased by 47.7% in 2009 as compared to 2008 due to lower commodity pricing in 2009.

Operating Expenses. Operating expenses consists of lease operating expense, depletion, depreciation and amortization, impairment of proved property and general administrative expenses. Predecessor Resolute assessed lease operating expenses in part by monitoring the expenses in relation to production volumes and the number of wells operated.

Lease operating expenses consist of lease operating expenses, including labor, field office rent, vehicle expenses, supervision, transportation, minor maintenance, tools and supplies, workover expenses, ad valorem, severance and other taxes and other customary charges.

Lease operating expenses per Boe decreased during 2009 as compared to 2008 as follows:

	2009	2008	Percentage Increase (Decrease)
Lease operating expenses per Boe	$23.26	$30.46	(23.6)%

Lease operating expenses decreased to $46.8 million during 2009, from $86.0 million during 2008. The $39.2 million, or 45.6%, decrease was principally attributable to an approximately $16.5 million decrease in ad valorem, severance and other taxes generally caused by lower sales, $5.8 million decrease in workover expenses, $6.0 million decrease in labor costs and a $4.1 million decrease in equipment materials and supplies, as well as the shorter 2009 operating period.

Depletion, depreciation, amortization and accretion expenses decreased to $21.9 million during 2009, as compared to $50.3 million during 2008. The $28.4 million, or 56.5%, decrease is principally due to a decrease in the per Boe depletion, depreciation and amortization rate from $17.83 per Boe in 2008 to $10.90 per Boe in 2009 due to the reduction in the carrying value of proved oil and gas properties in 2009 following the impairment of proved properties at December 31, 2008 and March 31, 2009.

Pursuant to full cost accounting rules, Predecessor Resolute performed a ceiling test each quarter on its proved oil and gas assets. As a result of this limitation on capitalized costs, Predecessor Resolute included a provision for an impairment of oil and gas property costs for 2009 and 2008 of $13.3 million and $245.0 million, respectively.

General and administrative expenses include the costs of Predecessor Resolute s employees and executive officers, related benefits, office leases, professional fees and other costs not directly associated with field operations. Predecessor Resolute monitors general and administrative expenses in relation to the amount of production and the number of wells operated.

	2009	2008	Percentage Increase (Decrease)
General and administrative expenses per Boe	$4.02	$7.16	(43.9)%

General and administrative expenses decreased to $8.1 million during 2009, as compared to $20.2 million during 2008. The $12.1 million, or 60.0%, decrease in the absolute level of general and administrative expenses principally resulted from a $5.1 million decrease in non-cash charges to compensation expense associated with equity-based compensation, a $4 million decrease in salaries and wages, and a $1.8 million decrease in professional fees.

Other Income (Expense). All oil and gas derivative instruments are accounted for under mark-to-market accounting rules, which provide for the fair value of the contracts to be reflected as either an asset or a liability on the balance sheet. The change in the fair value during an accounting period is reflected in the income statement for that period. During 2009, the fair value of oil and gas derivatives decreased by $23.5 million. This amount included approximately $1.9 million of realized gains on oil and gas derivatives, including a realized loss of $12.5 million that was incurred to cash settle a 2010 hedge position as required under the terms of the Resolute Transaction and $25.4 million of decreases in the unrealized future value of oil and gas derivatives. During 2008, the fair value of oil and gas derivatives increased by $96.0 million. This amount included approximately $120.6 million of unrealized gain in the future value of oil and gas derivatives and $24.6 million of realized losses from monthly settlements.

Interest expense was $18.4 million during 2009, as compared to $33.1 million during 2008. The $14.7 million, or 44.4%, decrease is attributable to lower interest rates and to the shorter 2009 period.

Income Tax Benefit (Expense). Income tax benefit recognized during 2009 was $5.0 million, as compared to an income tax benefit of $18.3 million in 2008. The 2009 period included the effect of the reversal of a $0.4 million contingent tax liability due to the expiration of the statute of limitations and recording $14.4 million in deferred income tax expense.

Year Ended December 31, 2008, Compared to the Year Ended December 31, 2007

Revenue. Revenue increased to $229.2 million during 2008, from $173.3 million during 2007. The key revenue measures were as follows:

	2008	2007	Percentage Increase (Decrease)
Net Sales:			
Total sales (MBoe)	2,823	2,760	2.3%
Average daily sales (Boe/d)	7,712	7,561	2.0%
Average Sales Prices ($/Boe):			
Average sales price (including derivative settlements)	$69.60	$61.09	13.9%
Average sales price (excluding derivative settlements)	$81.19	$62.81	29.3%

The increase in revenue was primarily due to a 29.3% increase in the average sales price in 2008 excluding hedges as compared to the average sales price in 2007, as well as a 2% increase in production in 2008. The increase in production is due in part to Predecessor Resolute s ongoing efforts to enhance day-to-day production in its Aneth Field Properties. Average sales price, excluding the effects of hedges, increased to $81.19 per Boe during 2008, as compared to $62.81 per Boe during 2007.

Lease Operating Expenses. Lease operating expenses increased to $86.0 million for 2008, from $66.7 million for 2007. The increase of $19.3 million in lease operating expenses for 2008, was attributable to an $8.9 million increase in production taxes due principally to higher product prices, a $3.7 million increase in field services, a $2.4 million increase in repairs and maintenance and a $4.3 million increase in other costs. The increase in non-tax related production expense was due primarily to the escalation in virtually all oil and gas industry costs induced by the high levels of industry activity during 2008.

	2008	2007	Percentage Increase (Decrease)
Lease operating expenses per Boe	$30.46	$24.18	26.0%

General and Administrative Expenses. General and administrative expenses decreased to $20.2 million during 2008, from $40.3 million during 2007, due primarily to the recognition of a non-cash charge to equity based compensation expense of $34.5 million in 2007 as compared to $7.9 million in 2008.

	2008	2007	Percentage Increase (Decrease)
General and administrative expenses per Boe	$7.16	$14.59	(50.9)%

Impairment of Proved Properties. Pursuant to full cost accounting rules, Predecessor Resolute performed a ceiling test each quarter on its proved oil and gas assets. As a result of this limitation on capitalized costs, Predecessor Resolute included a provision for an impairment of oil and gas property cost for 2008 and 2007 of $245.0 and $0 million, respectively.

Depletion, Depreciation and Amortization Expenses. Depletion, depreciation and amortization increased to $50.3 million for 2008, from $27.8 million for 2007, due to an increase in the depletion, depreciation and amortization rate which primarily resulted from a reduction in future economic recoverable reserves associated with significantly reduced energy prices during the latter half of 2008.

Other Income (Expense). All of Predecessor Resolute s oil and gas derivative instruments are accounted for under mark-to-market accounting rules, which provide for the fair value of the contracts to be reflected as either an asset or a liability on its balance sheet. During 2008, Predecessor Resolute recognized a $96.0 million gain on its derivative contracts. This amount included approximately $32.8 million of realized losses, which was partially offset by an $8.2 million gain on the forward sales of derivative contracts and a $120.6 million unrealized gain in the fair market value of these contracts. During 2007, the fair value of Predecessor Resolute s oil hedges decreased by $106.2 million. This amount included approximately $4.7 million of realized losses and a $101.5 million decline in the future value of future contracts.

Interest expense was $33.1 million for 2008, compared to $35.9 million for 2007. The decrease is attributable to a reduction in long term debt during 2008 as well as a reduction in interest rates.

RESOLUTE ENERGY CORPORATION THREE MONTH PERIODS ENDED MARCH 31, 2010 AND 2009

Results of Operations

The following table reflects the components of our production and sales prices and sets forth our operating revenues, costs and expenses on a Boe basis for the three months ended March 31, 2010 and 2009 for Resolute and Predecessor Resolute, respectively.

	Resolute Three Months Ended March 31, 2010	Resolute Three Months Ended March 31, 2009	Predecessor Resolute Three Months Ended March 31, 2009
Net Sales:			
Total sales (Mboe)	636		692
Average daily sales (Boe/d)	7,062		7,693
Average Sales Price ($/Boe):			
Average sales price (excluding derivative settlements)	$64.72		$ 32.48
Average sales price (including derivative settlements)	61.36		44.42
Operating Expenses ($/Boe):			
Lease operating	$20.80		$ 18.69
Production and ad valorem taxes	9.95		4.85
General and administrative	4.17		3.08
Depletion, depreciation, amortization and accretion	16.86		11.86

Through September 24, 2009, HACI s efforts had been primarily 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; HACI had not generated any revenue, other than interest income earned on the proceeds of its initial public offering.

For the purposes of management s discussion and analysis of results of operations of Resolute, management has analyzed the operational results for the three months ended March 31, 2010, of Resolute, in comparison to the three months ended March 31, 2009, of Predecessor Resolute, except where indicated.

Comparison of Quarter Ended March 31, 2010 to Quarter Ended March 31, 2009

Revenue. Revenue from oil and gas activities increased to $41.1 million during 2010, from $22.5 million during 2009. Total production decreased 8.2% during 2010 as compared to 2009, from 692,000 Boe to 636,000 Boe. In addition to natural production declines, the overall production decrease was partially attributed to compression failure at the Western Gas Resources Hilight Plant and the fact that the Company voluntarily shut-down a portion of its coalbed methane production in Wyoming due to uneconomic product prices for natural gas in that area. Another contributing factor was that for most of 2009 the Company curtailed its capital programs due to low product prices and the Company s limited financial liquidity. Had those capital projects not been curtailed, they arguable could have contributed production to help offset the normal production declines in the Company s producing fields. Management estimates that production constraints at the Hilight plant resulted in a reduction in production volumes of approximately 23 MBoe, or 255 Boe per day during the quarter ended March 31, 2010, as compared to what the field was capable of producing if unconstrained.

The production decrease was more than offset by an increase in average sales price, excluding derivatives settlements, from $32.48 per Boe in 2009 to $64.72 per Boe in 2010.

Operating Expenses. Lease operating expenses include labor, field office rent, vehicle expenses, supervision, transportation, minor maintenance, tools and supplies, workover expenses, and other customary charges. Resolute and Predecessor Resolute assess lease operating expenses in part by monitoring the expenses in relation to production volumes and the number of wells operated.

Lease operating expenses increased to $13.3 million during 2010, from $13.0 million during 2009. The $0.3 million, or 2%, increase, was attributable to minor increases in company labor, equipment and maintenance costs, utilities and fuel, and workover expense, offset by minor decreases in contract labor and compression, gathering and other costs.

Production and ad valorem taxes increased to $6.3 million during 2010, from $3.4 million during 2009. The $2.9 million, or 85%, increase was primarily attributable to the 83% increase in revenue. Production and ad valorem taxes were 15.3% of total revenue in 2010, compared to 14.9% of total revenue in 2009. The increase in the 2010 rate results from higher estimated ad valorem taxes in 2010 as compared to 2009.

Depletion, depreciation, amortization and accretion expenses increased to $10.7 million during 2010, as compared to $8.2 million during 2009. The $2.5 million, or 30.5%, increase is principally due to an increase in the depletion, depreciation and amortization rate from $11.86 per Boe in 2009 to $16.86 per Boe in 2010, which reflects the higher carrying value of proved oil and gas properties in 2010 as a result of the Resolute Transaction at September 25, 2009.

Pursuant to full cost accounting rules, Resolute and Predecessor Resolute performed a ceiling test each quarter on its proved oil and gas assets. As a result of this limitation on capitalized costs, Predecessor Resolute included a provision for impairment of oil and gas property costs in 2009 of $13.3 million. There was no provision for impairment of oil and gas property in 2010 for Resolute.

General and administrative expenses include the costs of Resolute, HACI and Predecessor Resolute s employees and executive officers, related benefits, office leases, professional fees and other costs not directly associated with field operations. Resolute and Predecessor Resolute monitor general and administrative expenses in relation to the amount of production and the number of wells operated.

General and administrative expenses for Resolute and Predecessor Resolute increased to $2.7 million during 2010, as compared to $2.1 million during 2009. The $0.6 million, or 29%, increase in general and administrative expenses principally resulted from a $1.0 million increase in professional services and consulting fees and an increase of $0.3 million in personnel costs and a $0.8 million decrease in stock based compensation. General and administrative expenses of $3.8 million related to HACI in 2009 were principally comprised of the write off of deferred acquisition costs of $3.5 million.

Other Income (Expense). All oil and gas derivative instruments are accounted for under mark-to-market accounting rules, which provide for the fair value of the contracts to be reflected as either an asset or a liability on the balance sheet. The change in the fair value during an accounting period is reflected in the income statement for that period. During 2010, the gain on oil and gas derivatives was $0.2 million consisting of approximately $2.1 million of realized losses on commodities derivatives and $2.3 million of unrealized gains on commodities derivatives. During 2009, the gain on oil and gas derivatives was $9.9 million consisting of approximately $10.3 million of realized gains offset by an unrealized loss of $0.4 million.

Interest expense was $1.1 million during 2010, as compared to $6.2 million during 2009. The $5.1 million, or 82.3%, decrease is attributable to a 74% reduction in average outstanding borrowings and lower interest rates.

Income Tax Benefit (Expense). Income tax expense recognized during 2010 was $2.7 million, or 36.3% of income before income taxes, as compared to an income tax benefit of $1.1 million, or 34% of loss before income taxes, for Resolute in 2009. The change in the effective rate reflects the differing tax jurisdictions in which Resolute operates in following the Resolute Transaction.

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Liquidity and Capital Resources

Resolute s primary sources of liquidity are cash generated from operations and amounts available under the revolving Credit Facility.

For the purposes of management s discussion and analysis of liquidity and capital resources, management has analyzed the cash flows and capital resources for the three months ended March 31, 2010 for Resolute in comparison to the three months ended March 31, 2009 for Resolute and Predecessor Resolute.

	Resolute Three Months Ended March 31,		Predecessor Resolute Three Months Ended March 31,
	2010	2009	2009
	(in thousands)		(in thousands)
Cash provided by (used in) operating activities	$ 14,619	$ (631)	$ 5,408
Cash provided by (used in) investing activities	(14,488)	42	(4,076)
Cash provided (used in) by financing activities	1,787		(3,032)

Net cash provided by operating activities was $14.6 million for the three months of 2010 compared to $5.4 million for the three months of 2009. Cash flows from operating activities in 2010 reflected a change from a net loss in 2009 to net income in 2010.

Net cash used in investing activities was $14.5 million for the three months in 2010 compared to $4.1 million in 2009. The primary investing activities for the three months of 2010 and 2009 were capital expenditures of $12.7 million and $4.1 million, respectively. The 2010 capital expenditures were comprised of $5.9 million in leasehold costs as a result of the acquisition of undeveloped leasehold acreage in Williams County, North Dakota, $3.4 million in CO_2 acquisition and $3.4 million in other capital expenditures. Capital spending in the first quarter was consistent with the capital budget.

Net cash provided by financing activities was $1.8 million for the three months in 2010 compared to net cash used in financing activities of $3.0 million for the three months in 2009. The primary financing activities in the first three months of 2010 were $5.8 million in net bank borrowings and $4.0 million in deferred financing costs related to the credit agreement entered into by the Company on March 30, 2010. Primary financing activities in the three months of 2009 were $3.0 million in net borrowings under the Credit Facility.

During 2009, the Company used $12.2 million in operating activities, primarily as a result of changes in working capital, provided $210.0 million in investing activities for the Resolute Transaction, and used $198.2 million in financing activities from equity purchase agreements related to the Resolute Transaction.

Resolute plans to reinvest a sufficient amount of its cash flow in its development operations in order to maintain its production over the long term, and plans to use external financing sources as well as cash flow from operations and cash reserves to increase its production.

Additionally, in March 2010, Resolute agreed to acquire a 47.5% working interest in approximately 61,000 gross (42,000 net leasehold) acres in Williams County, North Dakota. This undeveloped leasehold is located within the Bakken shale trend of the Williston Basin. Although the Middle Bakken formation will be the primary objective, secondary objectives include the Three Forks, Madison and Red River formations. Resolute expects to participate in drilling three horizontal wells in this area during latter part of 2010.

If cash flow from operating activities does not meet expectations, Resolute may reduce its expected level of capital expenditures and/or fund a portion of its capital expenditures using borrowings under its Credit Facility, issuances of debt and equity securities or from other sources, such as asset sales. There can be no assurance that needed capital will be available on acceptable terms or at all. Resolute s

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ability to raise funds through the incurrence of additional indebtedness could be limited by the covenants in its credit facility. If Resolute is unable to obtain funds when needed or on acceptable terms, it may not be able to complete acquisitions that may be favorable to it or finance the capital expenditures necessary to maintain production or proved reserves.

If Resolute incurs significant indebtedness in the future, its ability to obtain additional financing may be impaired, its ability to make changes in its business may become impaired due to covenant restrictions, a significant portion of its cash flow will be used to make payments in respect of principal and interest on the debt, rather than being available for operating or capital expenditures, and thus put Resolute at a competitive disadvantage as compared to its competitors that have less debt, and may limit its ability to pursue other business opportunities.

Resolute plans to continue its practice of hedging a significant portion of its production through the use of various derivatives transactions. Resolute s existing derivatives transactions do not quality as cash flow hedges, and the Company anticipates that future transactions will receive similar accounting treatment. Hedge arrangements are generally settled within five days of the end of the month. As is typical in the oil and gas industry, however, Resolute does not generally receive the proceeds from the sale of its crude oil production until the 20th day of the month following the month of production. As a result, when commodity prices increase above the fixed price in the derivative contacts, Resolute will be required to pay the derivative counterparty the difference between the fixed price in the derivative contract and the market price before receiving the proceeds from the sale of the hedged production. If this occurs, Resolute may use working capital borrowings to fund its operations.

Revolving Credit Facility

Resolute s Credit Facility is with a syndicate of banks led by Wells Fargo Bank, National Association with Resolute as the borrower. The Credit Facility specifies a maximum borrowing base as determined by the lenders. The determination of the borrowing base takes into consideration the estimated value of Resolute s oil and gas properties in accordance with the lenders customary practices for oil and gas loans. On March 30, 2010, the Company entered into an amended and restated credit facility agreement. Under the terms of the restated agreement, the borrowing base was increased from $240.0 million to $260.0 million and the maturity date was extended to March 2014. At Resolute s option, the outstanding balance under the Credit Facility accrues interest at either (a) the London Interbank Offered Rate, plus a margin which varies from 2.25% to 3.0% or (b) the Alternative Base Rate defined as the greater of (i) the Administrative Agent s Prime Rate, (ii) the Federal Funds Effective Rate plus 0.5%, or (iii) an adjusted London Interbank Offered Rate plus 1%, plus a margin which ranges from 1.25% to 2.0%. Each such margin is based on the level of utilization under the borrowing base. As of March 31, 2010, the weighted average interest rate on the outstanding balance under the Credit Facility was 3.17%.

The borrowing base is re-determined semi-annually, and the amount available for borrowing could be increased or decreased as a result of such re-determinations. Under certain circumstances, either Resolute or the lenders may request an interim re-determination. As of March 31, 2010, outstanding borrowings were $115.4 million and unused availability under the borrowing base was $136.1 million. The borrowing base availability has been reduced by $8.5 million in conjunction with letters of credit issued to vendors at March 31, 2010. To the extent that the borrowing base, as adjusted from time to time, exceeds the outstanding balance, no repayments of principal are required prior to maturity. The Credit Facility is collateralized by substantially all of the proved oil and gas assets of Aneth and RWI, and is guaranteed by its subsidiaries.

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The Credit Facility includes terms and covenants that place limitations on certain types of activities, the payment of dividends, and require satisfaction of certain financial tests. Resolute was in compliance with all terms and covenants of the Credit Facility at March 31, 2010.

As of June 29, 2010, Resolute had borrowings of $118.2 million under the borrowing base, resulting in an unused availability of $138.5 million.

Off Balance Sheet Arrangements

Resolute does not have any off-balance sheet financing arrangements other than operating leases. Resolute has not guaranteed any debt or commitments of other entities or entered into any options on non-financial assets.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Commodity Price Risk and Hedging Arrangements

Resolute s major market risk exposure is in the pricing applicable to oil and gas production. Realized pricing on Resolute s unhedged volumes of production is primarily driven by the spot market prices applicable to oil production and the prevailing price for gas. Pricing for oil production has been volatile and unpredictable for several years, and Resolute expects this volatility to continue in the future. The prices Resolute receives for unhedged production depends on many factors outside of Resolute s control.

Resolute periodically hedges a portion of its oil and gas production through swaps, puts, calls, collars and other such agreements. The purpose of the hedges is to provide a measure of stability to Resolute s cash flows in an environment of volatile oil and gas prices and to manage Resolute s exposure to commodity price risk.

Under the terms of its Credit Agreement the form of derivative instruments to be entered into is at Resolute s discretion, not to exceed 85% of its anticipated production from proved developed producing properties utilizing economic parameters specified in its credit agreements.

By removing the price volatility from a significant portion of Resolute s oil production, Resolute has mitigated, but not eliminated, the potential effects of changing prices on the cash flow from operations for those periods. While mitigating negative effects of falling commodity prices, certain of these derivative contracts also limit the benefits Resolute would receive from increases in commodity prices. It is Resolute s policy to enter into derivative contracts only with counterparties that are major, creditworthy financial institutions deemed by management as competent and competitive market makers. At March 31, 2010, all of Resolute s counterparties are members of the Credit Facility bank syndicate.

As of December 31, 2009 and March 31, 2010, Resolute had entered into certain commodity swap contracts. The following table represents Resolute s commodity swaps with respect to its oil production through 2013:

Year	Bbl per Day	Oil (NYMEX WTI) Weighted Average Hedge Price per Bbl	MMBtu per Day	Gas (NYMEX HH) Weighted Average Hedge Price per MMBtu
2010	3,650	$ 67.24	3,800	$ 9.69
2011	3,250	$ 68.26	2,750	$ 9.32
2012	3,250	$ 68.26	2,100	$ 7.42
2013	2,000	$ 60.47	1,900	$ 7.40

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Resolute also uses basis swaps in connection with gas swaps in order to fix the price differential between the NYMEX Henry Hub price and the index price at which the gas production is sold. The table below sets forth Resolute s outstanding basis swaps as of December 31, 2009 and March 31, 2010:

Year	Index	MMBtu per Day	Weighted Average Hedged Price Differential per MMBtu
2010	Rocky Mountain NWPL		
2013		1,800	$ 2.10

As of December 31, 2009 and March 31, 2010, Resolute had entered into certain commodity collar contracts. The following table represents Resolute s commodity collars with respect to its oil and production:

Year	Bbl per Day	Oil (NYMEX WTI) Weighted Average Hedge Price per Bbl
2010	200	$ 105.00-151.00

Interest Rate Risk

At December 31, 2009, Resolute has $109.6 million of outstanding debt. Interest is calculated under the terms of the agreement based on a LIBOR spread. A 10% increase in LIBOR would result in an estimated $0.1 million increase in annual interest expense.

At March 31, 2010, Resolute has $115.4 million of outstanding debt. Interest is calculated under the terms of the agreement based on a LIBOR spread. A 10% increase in LIBOR would result in an estimated $0.1 million increase in annual interest expense.

Resolute does not currently intend to enter into any hedging arrangements to protect against fluctuations in interest rates applicable to its outstanding indebtedness.

Credit Risk and Contingent Features in Derivative Instruments

Resolute is exposed to credit risk to the extent of nonperformance by the counterparties in the derivative contracts discussed above. All counterparties are also lenders under Resolute s Credit Facility. For these contracts, Resolute is not required to provide any credit support to its counterparties other than cross collateralization with the properties securing the Credit Facility. Resolute s derivative contracts are documented with industry standard contracts known as a Schedule to the Master Agreement and International Swaps and Derivative Association, Inc. Master Agreement (ISDA). Typical terms for the ISDAs include credit support requirements, cross default provisions, termination events, and set-off provisions. Resolute has set-off provisions with its lenders that, in the event of counterparty default, allow Resolute to set-off amounts owed under the Credit Facility or other general obligations against amounts owed for derivative contract liabilities.

MANAGEMENT

Director Independence

Under the rules of the NYSE, a majority of the members of the Board of Directors and all of the members of certain committees must be composed of independent directors, as defined in the rules of the NYSE. In general, an independent director is a person other than an officer or employee of the

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Company or any other individual who has a relationship, which, in the opinion of the Company s Board of Directors, would interfere with the director s exercise of independent judgment in carrying out the responsibilities of a director. Additional independence and qualification requirements apply to our directors serving on certain committees. The Company has standing Audit, Compensation and Corporate Governance/Nominating Committees, each of which is composed entirely of independent directors, under each of the applicable standards. The Company s Board of Directors has determined that, other than Messrs. Sutton and Piccone, each member of the Board of Directors is independent under the NYSE rules. In making that determination, the Board of Directors considered the relationships of Messrs. Swartz and Hicks with HACI and HH-HACI, L.P., and the relationships of Messrs. Hersh, Covington and Quinn with various NGP entities.

Board of Directors

The following table sets forth certain information as of June 29, 2010, regarding the composition of the Board, including the term of each director.

Name	Age	Position	Director Since	Current Term to Expire
Class I				
William H. Cunningham	66	Director	2009	2013
James E. Duffy	59	Director	2009	2013
William J. Quinn	39	Director	2009	2013
Class II				
Richard L. Covington	52	Director	2009	2011
James M. Piccone	60	President, General Counsel, Secretary and Director	2009	2011
Robert M. Swartz	58	Director	2009	2011
Class III				
Kenneth A. Hersh	47	Director	2009	2012
Thomas O. Hicks, Jr.	32	Director	2009	2012
Nicholas J. Sutton	65	Chief Executive Officer and Director	2009	2012

William H. Cunningham was elected to the Company s Board of Directors in September 2009. Dr. Cunningham has been a member of the Audit Committee since September 25, 2009, and between September 25, 2009 and December 15, 2009 was also a member of the Compensation and Corporate Governance/Nominating Committees. Dr. Cunningham was a director of Hicks Acquisition Company I, Inc. from October 2007 through September 2009. Since 1979, Dr. Cunningham has served as a professor of marketing at the University of Texas at Austin and he has held the James L. Bayless Chair for Free Enterprise at the University of Texas at Austin since 1985. From 1983 to 1985 he was Dean of the College of Business Administration and Graduate School of Business of the University of Texas at Austin, from 1985 to 1992 he served as the President of the University of Texas at Austin, and from 1992 to 2000 he served as the Chancellor (Chief Executive Officer) of the University of Texas System. Dr. Cunningham currently serves on the Board of Directors of Lincoln National Corporation, a New York Stock Exchange listed holding company for insurance, investment management, broadcasting and sports programming businesses; Southwest Airlines, an airline listed on the New York Stock Exchange; and Lin

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Television, a New York Stock Exchange listed company that owns a number of television stations. Dr. Cunningham currently serves as a member of the Board of Trustees of John Hancock Mutual Funds. Dr. Cunningham received a Bachelor of Business Administration degree in 1966, a Master of Business Administration degree in 1967 and a Ph.D. in 1971, each from Michigan State University. Dr. Cunningham was president and chief executive officer of IBT Technologies, a privately held e-learning company, from December 2000 through December 2001. IBT Technologies filed for bankruptcy in December 2001 and has been liquidated. In determining Dr. Cunningham s qualifications to serve on our Board of Directors, the Board of Directors has considered, among other things, his academic experience in corporate governance matters in law schools and graduate business programs, his service on more than 20 corporate boards, including in many instances as chairman of the audit committee of public companies, and his experience and expertise in marketing and management.

James E. Duffy was elected to the Company s Board of Directors in September 2009. Mr. Duffy has been a member of the Compensation and Audit Committees since September 25, 2009, and between September 25, 2009 and December 15, 2009, was also a member of the Corporate Governance/Nominating Committee. He is a co-founder and, since 2003, Chairman of StreamWorks Products Group, Inc., a private consumer products development company that manufactures products for the sport fishing, industrial safety, specialty tool and outdoor recreation industries. From 1990 to 2001, he served as Chief Financial Officer and Director of HS Resources, Inc. until its sale to Kerr-McGee Corporation. Prior to that time, he served as Chief Financial Officer and Director of a division of Tidewater, Inc. He was also a general partner in a boutique investment banking business specializing in the oil and gas business, and began his career with Arthur Young & Co in San Francisco. He is a certified public accountant. In determining Mr. Duffy s qualifications to serve on our Board of Directors, the Board of Directors has considered, among other things, his experience and expertise in oil and gas finance, accounting and banking, as well as his position as chief financial officer of two public oil and gas companies and his service as an audit manager for a major accounting firm with engagement responsibility for public and private entities.

William J. Quinn was elected to the Company s Board of Directors in September 2009. Mr. Quinn has been a member of the Compensation Committee since September 25, 2009, and between September 25, 2009 and December 15, 2009, was also a member of the Corporate Governance/Nominating Committee. He is the Executive Vice President of NGP Energy Capital Management and is a managing partner of the Natural Gas Partners private equity funds, having served in those or similar capacities since 1998. He has been a member of the board of managers of Resolute Holdings since its founding in 2004. He currently serves on the investment committee of NGP Capital Resources Company, and is a director of Eagle Rock Energy Partners, L.P., and of its general partner, Eagle Rock Energy G&P, LLC. He also serves as a member of the board of numerous private energy companies. In determining Mr. Quinn s qualifications to serve on our Board of Directors, the Board of Directors has considered, among other things, his extensive experience and expertise in finance and in the energy industry.

Nicholas J. Sutton is the Chief Executive Officer and has been a director of the Company since the Company s formation in July 2009. Mr. Sutton has been the Chief Executive Officer and a member of the board of managers of Resolute Natural Resources Company, LLC and Predecessor Resolute and of Resolute Holdings since their founding in 2004. Mr. Sutton was a co-founder and the Chief Executive Officer of HS Resources, Inc., a New York Stock Exchange listed company, from 1978 until the company s acquisition by Kerr-McGee Corporation in late 2001. From 2002 until the formation of Resolute Holdings in 2004, Mr. Sutton was a director of Kerr-McGee Corporation. Currently, Mr. Sutton is a director of Tidewater, Inc., the owner and operator of the world s largest fleet of vessels serving the global offshore oil industry, and a member of the Board of the St. Francis Memorial Hospital Foundation. He also is a member of the Society of Petroleum Engineers and of the American Association of Petroleum Geologists. In determining Mr. Sutton s qualifications to serve on our Board of Directors, the Board of Directors has considered, among other things, his experience and expertise in the oil and gas industry, his track record in growing public oil and gas companies, including managing acquisition programs, as well as his role in the founding of Resolute Holdings and the Resolute Transaction (as defined herein). In addition, Mr. Sutton has degrees in engineering and law, and has attended the Harvard Owner/President Management program, giving him expertise in all of the areas of importance to the Company.

James M. Piccone is the President, General Counsel and Secretary and has been a director of the Company since the Company s formation in July 2009. Mr. Piccone has been the President, General Counsel, Secretary and a member of the board of managers of Predecessor Resolute and of Resolute Holdings since their formation in 2004. From January 2002 until January 2004, Mr. Piccone was Senior Vice President and General Counsel for Aspect Energy, LLC, a private oil and gas company. Mr. Piccone also served as a contract attorney for Aspect Energy from October 2001 until January 2002. Mr. Piccone served as Vice President General Counsel and Secretary of HS Resources, Inc. from May 1995 until the acquisition of HS Resources by Kerr-McGee Corporation in August 2001. Mr. Piccone is admitted to the practice of law in Colorado and is a member of local and national bar associations. He is a member of the American Association of Corporate Counsel. In determining Mr. Piccone s qualifications to serve on our Board of Directors, the Board of Directors has considered, among other things, his management and legal expertise, his knowledge of the oil and gas industry and the role he played in the success of HS Resources and Resolute Holdings, including his role in the Resolute Transaction.

Richard L. Covington was elected to the Company s Board of Directors in September 2009. Mr. Covington has been a member of the Compensation and Corporate Governance/Nominating Committees since September 25, 2009. He is a managing director of the Natural Gas Partners private equity funds. He has been a member of the board of managers of Resolute Holdings since its founding in 2004. Mr. Covington joined Natural Gas Partners (NGP) in 1997. Prior to joining NGP, Mr. Covington was a senior shareholder at the law firm of Thompson & Knight, LLP, in Dallas, Texas. Mr. Covington serves on the investment committee of NGP Capital Resources Company and as a director of numerous private energy companies. In determining Mr. Covington s qualifications to serve on our Board of Directors, the Board of Directors has considered, among other things, his experience and expertise in the legal and finance aspects of the oil and gas industry and his role as a key advisor to Predecessor Resolute from the founding of Resolute Holdings to the present.

Kenneth A. Hersh was elected to the Company s Board of Directors in September 2009. Mr. Hersh has been a member of the Compensation and Corporate Governance/Nominating Committees since September 25, 2009. He is the Chief Executive Officer of NGP Energy Capital Management, L.L.C. and is a managing partner of the Natural Gas Partners private equity funds and has served in those or similar capacities since 1989. He has been a member of the board of managers of Resolute Holdings since its founding in 2004. Prior to joining Natural Gas Partners, L.P. in 1989, he was a member of the energy group in the investment banking division of Morgan Stanley & Co. He currently serves on the investment committee and as a director of NGP Capital Resources Company, serves as a director of Eagle Rock Energy G&P, LLC, the general partner of Eagle Rock Energy Partners, L.P., and as a director of numerous private companies. In determining Mr. Hersh s qualifications to serve on our Board of Directors, the Board of Directors has considered, among other things, his experience and expertise in finance, investment banking and management in the energy industry and his extensive record of investing in and helping to develop numerous private and public oil and gas companies.

Thomas O. Hicks, Jr. was elected to the Company s Board of Directors in September 2009. Mr. Hicks has been a member of the Corporate Governance/Nominating Committee since September 25, 2009, and between September 25, 2009 and December 15, 2009, was also a member of the Compensation

Committee. He was a vice president of Hicks Acquisition Company I, Inc. from February 2007 through September 2009 and was its secretary from August 2007 to September 2009. Mr. Hicks has served as a vice president of Hicks Holdings since 2005. Hicks Holdings is a Dallas-based family holding company for the Hicks family and a private investment firm which owns and manages assets in sports and real estate and makes corporate acquisitions. Mr. Hicks has served as Alternate Governor for the Dallas Stars Hockey Club. In 2004 and 2005, Mr. Hicks served as Director, Corporate and Suite Sales, for the Texas Rangers Baseball Club. From 2001 to 2003, Mr. Hicks was an analyst at Greenhill & Co. LLC, a New York based merchant banking firm. As an analyst, Mr. Hicks was involved in numerous private equity, mergers and acquisition, advisory and financial restructuring transactions. Mr. Hicks currently serves as the chairman of the Campaign for Children in Crisis for the Big Brother Big Sisters Organization of North Texas, and is on the boards of Big Brothers Big Sisters of North Texas, the Texas Rangers Foundation, Capital for Kids and is a member of Business Executives for National Security. In determining Mr. Hicks s qualifications to serve on our Board of Directors, the Board of Directors has considered, among other things, his experience and expertise in sales, banking and management.

Robert M. Swartz was elected to the Company s Board of Directors in September 2009. Mr. Swartz has been a member of the Audit Committee since September 25, 2009, and between September 25, 2009 and December 15, 2009, was also a member of the Compensation and Corporate Governance/Nominating Committees. He was a senior vice president of Hicks Acquisition Company I, Inc. from September 2007 until September 2009, and currently serves as a managing director and partner of Hicks Equity Partners LLC. Mr. Swartz is on the Board of Directors of Anvita Health. From 1999 until 2007, Mr. Swartz served in various positions at Centex Corporation, a New York Stock Exchange home building company, serving as Senior Vice President of Strategic Planning and Mergers and Acquisitions from 1999 to 2000 and serving as Chairman and Chief Executive Officer of Centex HomeTeam Services from 2000 to 2007. From 1997 until 1999, Mr. Swartz served as Executive Vice President of FirstPlus Financial Group, Inc., a consumer finance company in Dallas, Texas. In 1996, Mr. Swartz served as president and chief executive officer of AMRE, Inc. a nationwide home services provider. From 1994 to 1995, Mr. Swartz served as President of Recognition International, an NYSE high-technology company, and previously served from 1990 to 1993 as that company s chief financial officer. Mr. Swartz received a Bachelors of Science degree in accounting from the State University of New York in Albany in 1973 and a Master of Business Administration degree in finance from New Hampshire College in 1976. Mr. Swartz is a Certified Public Accountant. In determining Mr. Swartz s qualifications to serve on our Board of Directors, the Board of Directors has considered, among other things, his experience and expertise in mergers and acquisitions, finance, accounting and management.

Director Nomination Arrangements

The Company was incorporated on July 28, 2009 to consummate a business combination with 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 the Acquisition Date, we consummated the Resolute Transaction under the terms of the Acquisition Agreement among the Company, HACI, Sub, Merger Sub, Aneth, Resolute Holdings 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

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Resources, WYNR, BWNR, RNRC, and RWI, and a 99.996% equity interest in 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. Under generally accepted accounting principles, HACI was the accounting acquirer in the Resolute Transaction.

Pursuant to the Purchase and IPO Reorganization Agreement the parties agreed that the initial board of directors of the Company would consist of (i) five members designated by Resolute Holdings/NGP, which members were Messrs. Sutton, Piccone, Hersh, Quinn and Covington, (ii) Thomas O. Hicks or his designee, which was Thomas O. Hicks, Jr., and (iii) two members to be proposed by Hicks Acquisition Company I, Inc., which were Messrs. Swartz and Cunningham, and one member to be proposed by Resolute Holdings Sub LLC, which was Mr. Duffy. Such arrangements have been superseded, with respect to Messrs. Duffy, Cunningham and Quinn, by the determination made by the Nominating/Corporate Governance Committee to nominate such persons for re-election at the Annual Meeting.

Current Executive Officers

The following table sets forth certain information as of June 29, 2010, regarding the current executive officers of the Company.

Name	Age	Position
Nicholas J. Sutton	65	Chief Executive Officer and Director
James M. Piccone	59	President, General Counsel, Secretary and Director
Richard F. Betz	48	Senior Vice President, Strategy and Planning
Bobby D. Brady, Jr.	52	Vice President, Operations
Theodore Gazulis	56	Senior Vice President and Chief Financial Officer
James A. Tuell	50	Vice President and Chief Accounting Officer

Nicholas J. Sutton See *Management Board of Directors* for Mr. Sutton s biography.

James M. Piccone See *Management Board of Directors* for Mr. Piccone s biography.

Richard F. Betz has been Senior Vice President of the Company since September 25, 2009, and was Vice President Business Development of the Company from July 2009 to September 2009. He has been Vice President, Business Development of Predecessor Resolute and Resolute Holdings since their founding in 2004. From September 2001 to January 2004, Mr. Betz was involved in various financial consulting activities related to the energy industry. Prior to that, Mr. Betz spent 17 years with Chase Securities and successor companies, where he was involved primarily in oil and gas corporate finance. Mr. Betz was a Managing Director in the oil and gas investment banking coverage group with primary responsibility for mid-cap exploration and production companies as well as leveraged finance and private equity. In that capacity, Mr. Betz worked with the HS Resources management team for approximately twelve years.

Bobby D. Brady, Jr. has been Vice President, Operations of the Company since June 1, 2010. From March 1, 2006 until May 31, 2010, Mr. Brady served as the Company s Operations Manager. Mr. Brady previously served as Vice President of Engineering and Operations of Double Eagle Petroleum Company from April 2002 until February 2006. Mr. Brady was Operations Manager for Prima Oil & Gas from October 2000 until April 2002. Prior to working for Prima, Mr. Brady was Vice President of Engineering and Operations for Evergreen Operating Corporation. He has 27 years experience in natural gas and oil industry operations. He graduated from the Colorado School of Mines in 1984 with a Bachelor of Science degree in Petroleum Engineering. He has been a member of the Society of Petroleum Engineers since 1982.

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Theodore Gazulis has been Senior Vice President and Chief Financial Officer of the Company since September 25, 2009, and was Vice President of Finance, Chief Financial Officer and Treasurer of the Company from July 2009 to September 2009. He has been Vice President Finance, Treasurer and Assistant Secretary of Predecessor Resolute and Resolute Holdings since their founding in 2004. Mr. Gazulis served as a Vice President of HS Resources from 1984 until its merger with Kerr-McGee Corporation in 2001. Mr. Gazulis had primary responsibility for HS Resources capital markets activity and for investor relations and information technology. Subsequent to HS Resources acquisition by Kerr-McGee Corporation and prior to the formation of Predecessor Resolute, Mr. Gazulis was a private investor and also undertook assignments with two privately-held oil and gas companies, serving on the Board of Directors of Contour Energy Co. and performing the functions of the Chief Financial Officer of Venoco, Inc. on a consulting basis. Prior to joining HS Resources, he worked for Amoco Production Company and Sohio Petroleum Company. Mr. Gazulis is a member of the American Association of Petroleum Geologists.

James A. Tuell has been Vice President and Chief Accounting Officer of the Company since June 1, 2010. From December 2009 until May 31, 2010, Mr. Tuell served as the Company s Interim Chief Accounting Officer. Prior to joining Resolute, Mr. Tuell owned and operated an accounting and finance consultancy which served Resolute and numerous other independent energy companies from January 2009 through December 2009 and from July 2001 to February 2004. Mr. Tuell served as a director of Infinity Energy Resources, Inc. from April 2005 until June 2008. He also served in various officer capacities with Infinity Energy Resources, Inc., from March 2005 through August 2007, including as President, Chief Operating Officer, Chief Executive Officer, principal financial and accounting officer and Executive Vice President. Mr. Tuell also served as President of Infinity Oil & Gas of Wyoming, Inc. and Infinity Oil and Gas of Texas, Inc., wholly-owned subsidiaries of Infinity Energy Resources, Inc., from February 2004 and June 2004, respectively, until May 2007. From 1996 through July 2001, Mr. Tuell served as Controller and Chief Accounting Officer of Basin Exploration, Inc. From 1994 through 1996, he served as Vice President and Controller of Gerrity Oil & Gas Corporation. Mr. Tuell was employed by the independent accounting firm of Price Waterhouse from 1981 through 1994, most recently as a Senior Audit Manager. He earned a B.S. in accounting from the University of Denver and is a certified public accountant.

Family Relationships

There are no family relationships among any of the Company s directors and executive officers.

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table summarizes the total compensation paid or earned by our principal executive officer, our principal financial officer and four other most highly compensated executive officers (the Named Executive Officers) who served as executive officers from September 25, 2009, the date the Company became a public reporting entity, through December 31, 2009.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Nicholas J. Sutton[(1)(2)(5)] Chief Executive Officer	2009	$191,827	$138,111[(3)]					14,700[(4)]	$344,638
James M. Piccone[(1)(2)(5)] President, General Counsel	2009	$102,308	$100,611[(3)]					15,508[(4)]	$218,427
Theodore Gazulis[(1)(2)] Chief Financial Officer and Senior Vice President	2009	$ 88,846	$ 88,111[(3)]					14,700[(4)]	$191,657
Richard F. Betz[(1)(2)] Senior Vice President, Strategy and Planning	2009	$ 88,846	$ 75,000						$163,846
Dale E. Cantwell[(1)(2)] Senior Vice President, Operations	2009	$ 88,846	$ 88,111[(3)]					15,508[(4)]	$192,465
Janet W. Pasque[(1)(2)] Senior Vice President, Land and Business	2009	$ 88,846	$ 88,111[(3)]					15,508[(4)]	$192,465

(1) Each of the executive officers assumed such position with the Company upon completion of the Resolute Transaction on September 25, 2009, at which time the Company became a

reporting company pursuant to the Securities Exchange Act of 1934. Prior to that time, each executive officer was employed by Predecessor Resolute, and, in that capacity, received the following salary and other compensation for the period from January 1, 2009 through September 24, 2009:

Salary and Other Compensation	**Salary**	**All Other Compensation**
Nicholas J. Sutton	$ 71,346	
James M. Piccone	$120,481	$ 2,201(4)
Theodore Gazulis	$120,481	
Richard E. Betz	$120,481	
Dale E. Cantwell	$120,481	$ 2,201(4)
Janet W. Pasque	$120,481	$ 2,201(4)

(2) Each of the executive officers is also an officer of Resolute Holdings, and has received equity and other compensation in such capacity. Such compensation is not included in the above table.

(3) $13,111 of the bonus relates to matching 401(k) contributions

that would have been made in 2009 in respect of 2008 employee contributions in accordance with policies of Predecessor Resolute. Because Predecessor Resolute had suspended its matching contributions in 2009, the Company determined to pay the amount of such matching contributions in the form of a cash payment.

(4) Consists of (i) contributions pursuant to the Company s 401(k) plan to match employee contributions made in 2009 and (ii) the value of parking paid for by the Company. The 401(k) matching contribution was paid in 2010, but accrued on the Company s financial statements in 2009.

(5) Mr. Sutton and Mr. Piccone are also directors of the Company but received no compensation for their services as directors.

2009 Grants of Plan-Based Awards

The Company has one equity incentive plan, the 2009 Performance Incentive Plan (the Incentive Plan), pursuant to which the Company may grant stock options, restricted stock, restricted stock units and stock appreciation rights to executive officers and directors. The Incentive Plan provides for the issuance of up to 2,657,744 shares of common stock. No plan-based awards were made to the Named Executive Officers in 2009.

Outstanding Equity Awards at Fiscal Year End

Named executive officers had no outstanding equity awards under the Incentive Plan at December 31, 2009.

Option Exercises and Stock Vested in 2009

No options to purchase the common stock of the Company, par value of $0.0001 per share (the Company Common Stock) were exercised by Named Executive Officers in 2009, and no options held by Named Executive Officers vested in 2009.

2009 Pension Benefits

The Company has no defined benefit pension plans.

2009 Nonqualified Deferred Compensation Plans

In the year ended December 31, 2009, the Company had no nonqualified plan that provides for deferral of compensation to Named Executive Officers.

Potential Payments Upon Termination or Change of Control of Resolute

There are currently no agreements under which the Named Executive Officers would be entitled to receive payments upon termination or upon a change of control of the Company. Predecessor Resolute is a party to agreements with the Named Executive Officers giving it the right, in its sole discretion, to make severance payments to any executive officer for up to eighteen months following termination other than for Cause (as defined), or upon voluntary resignation following a reduction in annual salary. Severance payments, if made, would be equal to the executive s salary immediately prior to termination. During the period in which severance payments are being made, the executive is prohibited from engaging in the oil and gas business in an area within a ten mile radius of the boundaries of any property interest of Predecessor Resolute. Upon the consummation of the Resolute Transaction, these agreements became agreements of Resolute. The following table illustrates the amounts that would be payable to the executive officers assuming that (i) the executive officer was terminated as of December 31, 2009, and (ii) Resolute elected to make the severance payments for the full eighteen month period.

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Name	Total Severance Payment
Nicholas J. Sutton	$ 750,000
James M. Piccone	$ 525,000
Richard F. Betz	$ 450,000
Dale E. Cantwell	$ 450,000
Theodore Gazulis	$ 450,000
Janet W. Pasque	$ 450,000

On May 7, 2010, the Board granted restricted stock to certain of the Named Executive Officers. The restricted stock was granted under the Incentive Plan, which provides that upon the occurrence of certain Change of Control Events, restricted stock will become fully vested. See *Management Compensation Discussion and Analysis of the Company Long Term Incentive Compensation* for a description of the restricted stock grants to Named Executive Officers.

Compensation Discussion and Analysis of the Company

The Company began operations on September 25, 2009, and the Board of Directors and Compensation Committee assumed their positions at that date. Prior to that date, the Company was not a public company, and compensation decisions were made by the managing members of Predecessor Resolute.

Overview of the Company s Compensation Program. The Company s Board of Directors has responsibility for establishing, implementing and continually monitoring adherence with the Company s compensation philosophy. The Board of Directors has delegated to the Compensation Committee of the Board of Directors its responsibilities with respect to development of a compensation program and implementation of that program. The Compensation Committee will be solely responsible for determining the compensation of the CEO and will make recommendations to the Board of Directors regarding the compensation of other executive officers. It will also administer equity incentive plans, and make recommendations to the Board of Directors regarding awards under the Incentive Plan. Generally, the types of compensation and benefits that are provided to the Company s executive officers are similar to those provided to the Company s other officers and employees. The Company does not have compensation plans that are solely for executive officers. Those officers whose compensation elements and amounts are specifically listed in the Company s proxy statement are referred to in this discussion as the Named Executive Officers.

The CEO plays a key role in determining executive compensation for the other Named Executive Officers and other officers. The CEO attends the meetings of the Compensation Committee at which executive compensation is being discussed and makes recommendations to the Committee. In arriving at his recommendations, the CEO evaluates the performance of each executive and solicits input from the peers of such executives and others, if necessary. This evaluation is shared with the Committee and forms the basis for the recommendation. These recommendations are considered by the Compensation Committee, along with other relevant data, in determining the base salary, annual cash incentives, long-term equity incentives, and benefits and perquisites for such executives.

Compensation Philosophy and Objectives. The Company believes that the most effective compensation program is one that is designed to reward all employees, not just executives, for the achievement of the Company s short-term and long-term strategic goals. As a result, the Company s compensation philosophy is to provide all employees (except those covered by union contracts that limit the Company s flexibility in matters related to compensation), with cash incentives or a combination of cash and equity-based incentives that foster the continued growth and overall success of the Company and encourage employees to maximize stockholder value.

Under this philosophy, all Company employees (with the exception noted above), have aligned interests. When establishing its total compensation, the Company has the following objectives:

To attract, retain and motivate highly qualified and experienced individuals;

To provide financial incentives, through an appropriate mix of fixed and variable pay components, to achieve the organization s key financial and operational objectives;

To ensure that a portion of total compensation is at risk in the form of equity compensation; and

To offer competitive compensation packages that are consistent with the Company s core values, including the balance of fairness to the individual and the organization, and the demand for commitment and dedication in the performance of the job.

It is the Committee s policy to provide incentives that promote both our short term and long term financial objectives that are appropriate to the nature of our assets. Base salary and short term incentive compensation are designed to reward achievement of short term objectives, while the long term incentive compensation is intended to encourage employees, particularly executives, to focus on our long term goals. Salary, annual cash bonuses and equity awards are the primary components of our compensation program and we believe that attention to all three elements is important to retain our existing personnel and to attract and hire new employees. As to any given individual, the factors considered in any compensation decision include, but are not limited to, the complexity of that individual s job, the person s dedication and demonstrated contributions to our value, competitive pressures in the marketplace and his or her relative performance compared to peers within the Company.

We consider an inability to attract or retain qualified motivated employees as a significant risk for the Company as we operate in a highly competitive industry. In approving elements of the compensation program, the Compensation Committee and the Board prefer a balancing of factors, so that no single performance metric becomes an overriding influence. For that reason, the incentive compensation program described below balances a number of metrics. Our Long Term Incentive Program, also described below, provides for vesting over a four year period in order to mitigate against a short term focus at the expense of long-term results by our senior executives, including the Named Executive Officers.

Role of Compensation Consultant. The Compensation Committee, which has sole authority to retain and terminate any compensation consulting firm, independently retains a compensation consultant to assist in deliberations regarding executive compensation. In February 2010 the Compensation Committee engaged Effective Compensation, Inc. (ECI), an independent compensation consultant, to advise with respect to development of a comprehensive compensation philosophy and practices for executives and other employees. The Committee sought advice from ECI regarding base salary, annual bonus, the nature and amount of long-term incentives, performance measures for short-term and long-term incentives, identification of representative peer groups and general market data. ECI evaluated our executive compensation and recommended continued focus on total direct compensation as a means to achieve the compensation objectives outlined above while remaining competitive with the external market.

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In February 2010, ECI provided the Committee with a selection of possible peer companies for discussion purposes for use as part of its compensation evaluation process. These companies were selected based on their size, as measured by market capitalization, and an assessment that they are reasonably comparable to the Company in terms of business scope and objectives in the upstream oil and gas segment. The following companies comprise the peer group jointly selected by ECI and the Committee and utilized by the Committee:

Berry Petroleum Company	Petroleum Development Corporation
Bill Barrett Corporation	PetroQuest Energy Inc.
Carrizo Oil & Gas Inc.	St. Mary Land & Exploration Company
Comstock Resources, Inc.	Stone Energy Company
Mariner Energy, Inc.	Swift Energy Company
Penn Virginia Corporation	

The Compensation Committee may make modifications to the peer group from time to time due to consolidations within, and to accommodate new companies entering, the oil and gas exploration and production industry, or for other reasons. The Committee will continue to monitor the appropriateness of the peer group and the relative measures drawn from the process with the primary objective of utilizing a peer group that provides the most appropriate comparison to the Company to assist in formulating compensation that maintains the Company s ability to compete for top executives. The Compensation Committee does not formally benchmark the compensation of our executive officers against the compensation of executives in the peer group.

Setting the Company s Executive Compensation. Executive compensation is reviewed by the Compensation Committee no less frequently than annually. Compensation is expected to be based on the foregoing objectives, and to include as integral components base salary and annual and long-term incentive-based cash and non-cash compensation. In performing its compensation reviews and making its compensation decisions regarding the compensation of the Company s chief executive officer and other executive officers, the Compensation Committee will conduct an ongoing review of compensation data from the peer group.

In establishing executive compensation, base salaries are expected to be targeted near the midpoint of a range established by this peer review, although adjustments are made for such things as experience, market factors or exceptional performance, among others, and potential total compensation, including annual incentive compensation, are expected to be at the upper range of total compensation at comparable companies if performance targets are met. Annual cash incentive and equity incentive awards will be designed to reflect progress toward company-wide financial goals and personal objectives, as well as salary grade level, and to balance rewards for short-term and long-term performance.

Long-term incentive compensation will be used to reward and to encourage long-term performance and an alignment of interests between the individual and the organization. Long-term incentive grants will be used not only to reward prior performance, but also to retain executive officers and other employees and provide incentives for future exceptional performance. To the extent that business success makes long-term incentive awards more valuable, an individual s total compensation may move from the median to the high end of ranges established with reference to peer data.

In determining the allocation between cash short-term and non-cash long-term incentive compensation for executive officers, the Compensation Committee engages in an individual analysis for each executive. Factors affecting compensation include:

(i) The Company s annual performance;

(ii) Impact of the employee s performance on the Company s results;

(iii) The Company s objective to provide total compensation that is higher than competitive levels when aggressive goals of the Company are exceeded; and

(iv) Internal equity.

The Committee also takes into consideration the fact that, although our officers are responsible for specific business functions, together they share responsibility for the performance of the Company. As we seek to attract and retain the best talent available, we also wish to have employees view employment at the Company as a career decision. It takes a long period of time and a significant investment to develop the experienced executive talent necessary to succeed in the oil and gas business; senior executives must have experience with all phases of the business cycle to be effective leaders. We have an experienced executive team that has been in the oil and gas industry for thirty years or more, and we believe that our future success will be enhanced by retaining these experienced employees through our compensation philosophy and practices.

We believe that the proportion of total compensation that is performance-based, and therefore at risk, should increase with an individual s level of responsibility. Therefore, long-term incentive compensation grants will typically represent a larger proportion of the total compensation package as the level of responsibility of the executive increases. For the chief executive officer, long term incentive grants are typically the largest element of the total compensation package. Executive officers generally receive the same benefits as other employees, although not necessarily in the same mix or amounts.

Executive Compensation Components. The principal components of compensation for executive officers are:

Base salary;

Cash bonus;

Long-term incentive compensation; and

401(k) and other benefits.

Relative Size of Major Compensation Elements. The combination of base salary, annual cash incentives and equity awards comprises total direct compensation. In setting executive compensation, the Compensation Committee considers the aggregate compensation payable to an executive officer and the form of that compensation. The Compensation Committee seeks to achieve the appropriate balance between immediate cash rewards and long-term financial incentives for the achievement of both annual and long-term financial and non-financial objectives. The Compensation Committee may decide, as appropriate, to modify the mix of base salary, annual cash incentives and long-term equity incentives to best fit an executive officer s specific circumstances. For example, the Compensation Committee may make the decision to award more cash and not award an equity grant. The Compensation Committee may also increase the size of equity grants to an executive officer if the total number of career equity grants does not adequately reflect the executive s current position with the Company.

Timing of Compensation Decisions. It is expected that all elements of the executive officers compensation will be reviewed each February, including a review of financial, operating and personal objectives with respect to the prior year s results. At that time, the financial, operating and personal objectives and performance targets will be determined for the current year. The Board of Directors or the

Compensation Committee may, however, review salaries or grant equity incentives at other times in connection with new appointments or promotions or other extraordinary events that occur during the year, or under other circumstances that it deems appropriate.

Base Salary. The Company provides executive officers with a base salary to compensate them for services rendered during the fiscal year. Base salaries for executive officers are based upon each individual s responsibilities, experience and performance, taking into account among other things, the individual s initiative, contribution to our overall performance, managerial ability and handling of special projects. These same factors are applied to establish base salaries for other key management employees. The Compensation Committee s evaluation of each executive officer s performance is subjective; no specific written criteria or formulas, and no pre-determined targets, are used in determining base salary. The factors considered in compensation decisions are not weighted, but are viewed collectively. Base salaries for executive officers generally are reviewed annually for possible adjustment, but are not necessarily changed each year. The Committee is responsible for determining the base salary for the Chief Executive Officer, and the Chief Executive Officer recommends the base salary for the other executive officers. Other executive officers recommend the base salary for all employees that are in the executive officer s area of responsibility. The Chief Executive Officer, the President and the Chief Financial Officer review the recommendations for salaries and bonuses for all other employees and adjust them as they deem appropriate. The Compensation Committee reviews the recommendations for all employees from the Chief Executive Officer and approves them or adjusts them as it deems appropriate.

Base salaries for each of the Named Executive Officers were reset in the fall of 2009 following the consummation of the Resolute Transaction, as follows: base salary levels for Messrs. Betz, Cantwell and Gazulis and Ms. Pasque were set at $300,000, for Mr. Piccone at $350,000, and for Mr. Sutton at $500,000. This decision reflected increased responsibilities associated with public company status, as well as other factors. The Compensation Committee reviewed survey data compiled by a third party of publicly available information of salary levels for executives at companies in the oil and gas industry with a market capitalization comparable to that of the Company. In addition, the Compensation Committee considered the then current salary levels of executives. Prior to the Resolute Transaction in 2009, all Named Executive Officers had been executive officers of Resolute Holdings. Each executive had an annual salary of $175,000 per year, which reflected private company salary, and equity arrangements for a start-up company that were no longer applicable to a much larger, public company. Salaries had been unchanged since 2004, and these levels were not considered competitive with market rates. In addition, executives had foregone salary increases and had agreed to salary reductions in 2009 from agreed levels in response to reduced cash flow of Resolute Holdings due to significantly lower oil and gas product prices during that period of time.

For 2010, the Committee concluded that the wage adjustments made effective in September 2009 would remain in place without further change. Absent unusual circumstances, base salaries will be reviewed again in early 2011.

Cash Bonus. Annual cash bonuses will be performance-based and are intended to promote achievement of our business objectives of increasing stockholder value. All eligible employees participate in an annual bonus plan with the same performance objectives as those used for executive officers. The annual bonus awards for 2011 and thereafter are also intended to assist executives in meeting income tax obligations associated with vesting of restricted stock, which is a significant component of the executives compensation, so that executives are not forced to sell their stock to meet tax obligations and are able to maintain their equity positions in the Company.

Cash bonuses to executive officers will be made at the direction of the Board of Directors. Cash bonuses totaling $578,055 were awarded in December 2009 to the Named Executive Officers for services during 2009. Each bonus was equal to approximately one quarter of each executive s annual salary at year-end 2009, subject to certain adjustments and special considerations. Mr. Sutton received a bonus of $138,100, Mr. Piccone a bonus of $100,600, Messrs. Gazulis and Cantwell and Ms. Pasque each received bonuses of $88,100, and Mr. Betz received a bonus of $75,000. Factors considered in awarding this bonus included the exemplary efforts made by such executives in completing the Resolute Transaction and in transitioning to public company status. In addition, the bonuses took into consideration the salary reductions agreed to by the executives in 2009: Mr. Sutton had agreed to a 50% reduction in his salary from February 2009 and other executives had agreed to a 10% reduction in salary from April 2009. The Committee also considered, in determining the amount of the bonuses, that the Company s normal policy of matching employee 401(k) contributions had been suspended in 2009 (with respect to 2008 contributions) and that Named Executive Officers received no bonus in 2009 for services in 2008.

Similar to base salaries, the Committee is responsible for determining the bonus for the Chief Executive Officer, and the Chief Executive Officer recommends the annual bonus for each other executive officer. Other executive officers recommend the annual bonus for all employees that are in that executive officer s area of responsibility. The Chief Executive Officer, the President and the Chief Financial Officer review the recommendations for bonuses for all other employees and adjust them as they deem appropriate. The Compensation Committee reviews the recommendations for all executives from the Chief Executive Officer and approves them or adjusts them as it deems appropriate.

The Committee expects that future year-end cash bonuses would range from 0% to 150% of each executive s annual base salary, depending on an executive s position of responsibility. Bonuses will reflect the Committee s assessment of whether performance goals established for the executives have been achieved. Another important factor to be considered is the income tax liability that our executive officers will incur upon the vesting of restricted stock grants in 2011 and thereafter, as it is expected that required tax withholdings on vesting will in some cases equal or exceed an executive s annual bonus. The payment of bonuses adequate to cover tax costs encourages executives to retain their vested shares.

For 2010, the Committee implemented a program that set bonus targets, which are a percentage of base salary, for the senior executives and decided which performance metrics would be used to determine whether bonus awards will be less than (the threshold level), equal to or greater than (the stretch level) the target percentage. The target awards for our Named Executive Officers, as a percentage of each executive s base salary, are as follows: CEO 100%, President 85%, Senior Vice Presidents 70%, other officers 50%. Threshold levels are 50% below target and stretch levels are 50% above target.

The Committee will establish a bonus pool equal to each eligible employee s target bonus percentage multiplied by that employee s base salary (the Bonus Pool). Fifty percent of the Bonus Pool will be allocated to the Performance Metrics Pool. The Performance Metrics Pool may be increased or decreased depending on how the Company has performed as measured against certain pre-established parameters. In determining which performance metrics to use to in evaluating this portion of bonus awards, the Committee concluded that short-term incentive compensation should be based on achievement of operational objectives rather than measures such as total shareholder return that can be greatly influenced by factors outside of any individual s influence or control. Longer term performance metrics are more appropriate for the long-term incentive plan. For 2010, the Committee will utilize three key performance metrics: Production, Lease Operating Expense, and General and Administrative Expense.

Although the Committee did not identify specific levels of these metrics that would trigger the threshold, target and stretch bonus payments, performance criteria for the target bonus are generally at the midpoint of the range of our public guidance, with the threshold and stretch bonuses being payable for performance that is less than or exceeds those expectations. In some cases, performance metrics may be adjusted during the year based on changes in our business, such as increased costs or commodity prices or as a result of an acquisition or disposition. Performance that would qualify for bonuses at the threshold level is expected in normal operating circumstances. Performance satisfying the criteria for bonuses at the target level is believed to be achievable with additional effort. Performance that would qualify for bonuses at the stretch level is believed to be achievable with extraordinary efforts.

A fourth metric that will be used in the determination of the size of the Performance Metric Pool is the Company s success in advancing its capital and strategic projects on time and on budget. The Committee has identified several key initiatives that will be evaluated as part of this metric, including Aneth Phase IV CO_2, Aneth gas plant construction engineering, Aneth compression reconfiguration, and execution of plans to drill wells in the Williston Basin.

Generally the Performance Metric Pool will be divided among eligible participants on a formulaic prorata basis, although the Committee reserves the ability to adjust individual participants awards as the result of extraordinary individual contribution or lack thereof.

The other fifty percent of the Bonus Pool will be increased or decreased and allocated according to management s and the Committee s assessment of individual and group performance measured against defined goals and objectives. This portion of the bonus determination is more subjective than the performance metrics described above, which are inherently more formulaic, but the Committee believes that motivating and rewarding superior performance is not a matter of one size fits all. Effective discretion in this regard is a significant component of good management.

Long-Term Incentive Compensation. The Company adopted the Incentive Plan in July 2009, and the Incentive Plan was approved by the sole stockholder of the Company at that time. The maximum number of shares of Company Common Stock that may be issued pursuant to awards under the Incentive Plan is 2,657,744. No awards were made in 2009.

The purpose of the Incentive Plan is to promote the success of the Company and the interests of its stockholders by providing an additional means for the Company to attract, motivate, retain and reward directors, officers, employees and other eligible persons (including consultants and advisors) through the grant of incentive awards. Equity-based awards are also intended to further align the interests of award recipients and the Company s stockholders. In particular, long term incentive compensation is awarded to employees who are important for us to retain to accomplish our strategic goals over the longer term. As with base salary and short term incentive compensation, the long term awards granted to each recipient are determined by several factors. These factors include our need to retain a specific employee, the employee s performance, the employee s ability to add value to our enterprise and the compensation data of our peer group.

On May 5, 2010, the Compensation Committee met for the purpose of determining and approving awards of restricted stock for certain of the Named Executive Officers and other employees. In evaluating 2010 LTI awards, the Committee reviewed and considered peer group data as well as other survey data presented by ECI. However, the Committee initially considered that, since no awards had been made under the Incentive Plan, the goal of motivating employees to contribute to the long-term growth of the Company and participating fully in that growth through equity participation was not being met. Because the Company only became a public reporting company in September 2009, it was required to completely restructure the equity compensation component of compensation, starting with a clean-slate. Accordingly, the Committee considered that it was not appropriate to base its grants on those of peer companies that have been public for longer periods and have long-standing practices of annual equity incentive grants with vesting provisions that have built significant retention value over time. Of concern to the Committee

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was that the entire management team could leave the Company for higher financial benefits offered by other industry participants and suffer no economic detriment in terms of foregone equity compensation. This asymmetry of risk and reward was not, in the Committee s view, in the best long-term interest of our shareholders. As a result, the Committee concluded that the initial grants under the long-term incentive program should be structured to build significant equity incentives for the executives, comparable to the positions they would have been in had the long-term incentive plan been implemented approximately two years ago. This conclusion impacted both the size of the grants and the vesting periods. In setting the number of shares subject to the grants, the Committee established an aggregate pool of approximately 1,600,000 shares, approximately 500,000 of which were allocated to non-NEOs. This allocation to non-NEOs is approximately double what the Committee expects would be allocated in periods following the initial grant and is intended to accommodate the preload discussed above. The allocations were further adjusted in individual cases based on the recommendations of management. The remaining 1,100,000 shares allocated to NEOs is approximately 1.5 times what the Committee expects would be allocated in periods following the initial grant, again with the intention of accommodating the preload consideration. The Committee awarded Mr. Sutton 450,000 shares of restricted stock, and recommended to the Board awards to Mr. Piccone of 275,000 shares of restricted stock, and to Mr. Gazulis and Mr. Betz awards of 200,000 shares of restricted stock each. Mr. Cantwell and Ms. Pasque notified the Company of their retirement from the Company in May 2010; thus no awards were made to them. Bob D. Brady Jr., who became our Vice President, Operations as of June 1, 2010, was awarded 80,000 shares of restricted stock on May 7, 2010. In addition, James A. Tuell, who became Chief Accounting Officer and Vice President as of June 1, 2010, was awarded 18,000 shares of restricted stock on June 14, 2010.

Shares of restricted stock are subject to forfeiture and vest if executives continue to be employed at specified dates in the future, and if certain performance metrics are satisfied. For 2010, two-thirds of each grant of restricted stock is time-based, as the shares will vest based on continued employment in four equal tranches. The first tranche for the May 7, 2010 awards will vest on December 31, 2010. The remaining tranches will vest on each successive December 31st, with the final tranche vesting on December 31, 2013. Mr. Tuell s first tranche will vest on June 1, 2011. The remaining tranches will vest on each successive June 1, with the final tranche vesting on June 1, 2014. For the May 7, 2010 awards and Mr. Tuell s award, the remaining one-third of each grant is subject to the satisfaction of pre-established performance targets. The performance-based shares will vest in equal tranches beginning on December 31, 2010 if there has been a 10% annual appreciation in the trading price of the Company s common stock, compounded annually, from the twenty trading day average stock price at December 31, 2009. At the end of each year, the twenty trading day average share price will be measured, and if the 10% threshold is met, the stock subject to the performance criteria