

Resolute Energy Corp  
Form 10-Q  
August 11, 2014  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D. C. 20549**

**FORM 10-Q**

**x    QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

**For the quarterly period ended June 30, 2014**

**OR**

**..    TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

**Commission File No. 001-34464**

**RESOLUTE ENERGY CORPORATION**  
**(Exact Name of Registrant as Specified in its Charter)**

<b>Delaware</b> <b>(State or other Jurisdiction of</b>	<b>27-0659371</b> <b>(I.R.S. Employer</b>
<b>Incorporation or Organization)</b>	<b>Identification Number)</b>
<b>1700 Lincoln Street, Suite 2800 Denver, CO</b> <b>(Address of Principal Executive Offices)</b>	<b>80203</b> <b>(Zip Code)</b>
<b>(303) 534-4600</b>	
<b>(Registrant's telephone number, including area code)</b>	

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

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.

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>
Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of July 31, 2014, 77,893,499 shares of the Registrant's \$0.0001 par value Common Stock were outstanding.

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**CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This Quarterly Report on Form 10-Q 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 development opportunities; expectations regarding future production at Aneth Field and expectations regarding our development activities and drilling plans particularly with respect to our Permian Properties and Wyoming Properties (each as defined in this Quarterly Report); our negotiation of a new contract with Western; our hedging plans; our plans for capital expenditures and the sources of such funding. Although we believe that these statements are based upon reasonable current assumptions, no assurance can be given that the future results covered by the forward-looking statements will be achieved. Forward-looking statements can be subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by the forward-looking statements. The forward-looking statements in this report are primarily located under the heading Risk Factors. 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 report, if any, in our Annual Report on Form 10-K for the year ended December 31, 2013, and such things as:

risks associated with all of our Aneth Field oil production being purchased by a single customer and connected to such customer with a pipeline that we do not own or control;

volatility of oil and gas prices, including reductions in prices that would adversely affect our revenue, income, cash flow from operations and liquidity and the discovery, estimation and development of, and our ability to replace oil and gas reserves;

our future cash flow, liquidity and financial position;

the success of our business and financial strategy, derivative strategies and plans;

the amount, nature and timing of our capital expenditures, including future development costs;

our relationship with the Navajo Nation, the local community in the area where we operate Aneth Field, and Navajo Nation Oil and Gas Company, as well certain purchase rights held by Navajo Nation Oil and Gas Company;

potential delays in the upgrade of third-party electrical infrastructure serving Aneth Field and potential power supply limitations;

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a lack of available capital and financing, including the capital needed to pursue our production and other plans for our properties, on acceptable terms, including as a result of a reduction in the borrowing base under our credit facility;

the effectiveness and results of our CO<sub>2</sub> flood program at Aneth Field;

the impact of any U.S. or global economic recession;

anticipated CO<sub>2</sub> supply, which is currently sourced exclusively from Kinder Morgan CO<sub>2</sub> Company, L.P.;

the success of the development plan for and production from our oil and gas properties;

the timing and amount of future production of oil and gas;

the completion, timing and success of exploratory drilling on our properties;

availability of, or delays related to, drilling, completion and production, personnel, supplies and equipment;

risks and uncertainties in the application of available horizontal drilling and completion techniques;

uncertainty surrounding occurrence and timing of identifying drilling locations and necessary capital to drill such locations;

our ability to fund and develop our estimated proved undeveloped reserves;

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the effect of third party activities on our oil and gas operations, including our dependence on gas gathering and processing systems;

inaccuracy in reserve estimates and expected production rates;

our operating costs and other expenses;

our success in marketing oil and gas;

competition in the oil and gas industry;

the concentration of our producing properties in a limited number of geographic areas;

operational problems, or uninsured or underinsured losses affecting our operations or financial results;

our relationships with the local communities in the areas where we operate;

the impact and costs related to compliance with, or changes in, laws or regulations governing our oil and gas operations, including changes in Navajo Nation laws, and the potential for increased regulation of drilling and completion techniques, underground injection or fracing operations;

the availability of water and our ability to adequately treat and dispose of water after drilling and completing wells;

potential changes to regulations affecting derivatives instruments;

the success of our derivatives program;

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

environmental liabilities under existing or future laws and regulations;

developments in oil and gas producing countries;

loss of senior management or key technical personnel;

timing of issuance of permits and rights of way, including the effects of any government shut-downs;

timing of installation of gathering infrastructure in areas of new exploration and development;

potential breakdown of equipment and machinery relating to the Aneth compression facility;

our ability to achieve the growth and benefits we expect from our acquisitions;

risks associated with unanticipated liabilities assumed, or title, environmental or other problems resulting from, our acquisitions;

acquisitions and other business opportunities (or the lack thereof) that may be presented to and pursued by us, and the risk that any opportunity currently being pursued will fail to consummate or encounter material complications;

risks related to our level of indebtedness;

our ability to fulfill our obligations under the senior notes;

constraints imposed on our business and operations by our credit agreement and our senior notes to generate sufficient cash flow to repay our debt obligations;

losses possible from pending or future litigation;

risk factors discussed or referenced in this report; and

other factors, many of which are beyond our control.

Additionally, the SEC requires oil and gas companies, in filings made with the SEC, to disclose proved reserves, which are those quantities of oil and gas, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, under existing economic conditions, operating methods and governmental regulations. The SEC permits the optional disclosure of probable and possible reserves. From time to time, we may elect to disclose probable reserves and possible reserves, excluding their valuation, in our SEC filings, press releases and investor presentations. The SEC defines probable reserves as those additional reserves that are less certain to be recovered than proved reserves but which, together with proved reserves, are as likely as not to be recovered. The SEC defines possible reserves as those additional reserves

that are less certain to be recovered than probable reserves. The Company applies these definitions when estimating probable and possible reserves. Statements of reserves are only estimates and may not correspond to the ultimate quantities of oil and gas recovered. Any reserve estimates or potential resources disclosed in our public filings, press releases and investor presentations that are not specifically designated as being estimates of proved reserves may include estimated reserves not necessarily calculated in accordance with, or contemplated by, the SEC's reserves reporting guidelines.

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The SEC's rules prohibit us from including resource estimates in our public filings with the SEC. Our potential resource estimations include estimates of hydrocarbon quantities for (i) new areas for which we do not have sufficient information to date to classify as proved, probable or possible reserves, (ii) other areas to take into account the low level of certainty of recovery of the resources and (iii) uneconomic proved, probable or possible reserves. Potential resource estimates do not take into account the certainty of resource recovery and are therefore not indicative of the expected future recovery and should not be relied upon for such purpose. Potential resources might never be recovered and are contingent on exploration success, technical improvements in drilling access, commerciality and other factors. In our press releases and investor presentations, we sometimes include estimates of quantities of oil and gas using certain terms, such as resource, resource potential, EUR, oil in place, or other descriptions of volumes of reserves, which terms include quantities of oil and gas that may not meet the SEC definition of proved, probable and possible reserves. These estimates are by their nature more speculative than estimates of proved reserves and accordingly are subject to substantially greater risk of being recovered by Resolute. The Company believes its potential resource estimates are reasonable, but such estimates have not been reviewed by independent engineers. Furthermore, estimates of potential resources may change significantly as development provides additional data, and actual quantities that are ultimately recovered may differ substantially from prior estimates.

Finally, 24 hour peak IP rates and 30 day peak IP rates for both our wells and for those wells that are located near to our properties are limited data points in each well's productive history and not necessarily indicative or predictive of future production rates, EUR or economic rates of return from such wells and should not be relied upon for such purpose.

You are urged to consider closely the disclosure in this Quarterly Report on Form 10-Q and in our Annual Report on Form 10-K for the year ended December 31, 2013, in particular the factors described under Risk Factors.



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	<b>June 30, 2014</b>	<b>December 31, 2013</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,235	\$ 19
Accounts receivable	65,854	94,358
Deferred income taxes	11,893	8,330
Derivative instruments	502	1,378
Prepaid expenses and other current assets	904	1,152
Total current assets	80,388	105,237
Property and equipment, at cost:		
Oil and gas properties, full cost method of accounting		
Unproved	313,502	274,420
Proved	1,587,407	1,544,942
Other property and equipment	9,779	8,069
Accumulated depletion, depreciation and amortization	(556,842)	(494,642)