Resolute Energy Corp Form 10-Q August 06, 2012 Table of Contents

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, 2012

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)

Delaware (State or other Jurisdiction of

27-0659371 (I.R.S. Employer

Incorporation or Organization)

Identification Number)

1675 Broadway, Suite 1950 Denver, CO (Address of Principal Executive Offices)

80202 (Zip Code)

(303) 534-4600

(Registrant s telephone number, including area code)

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 x 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 x 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, a cacelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer " Accelerated filer x

Non-accelerated filer " (Do not check if a smaller reporting company)

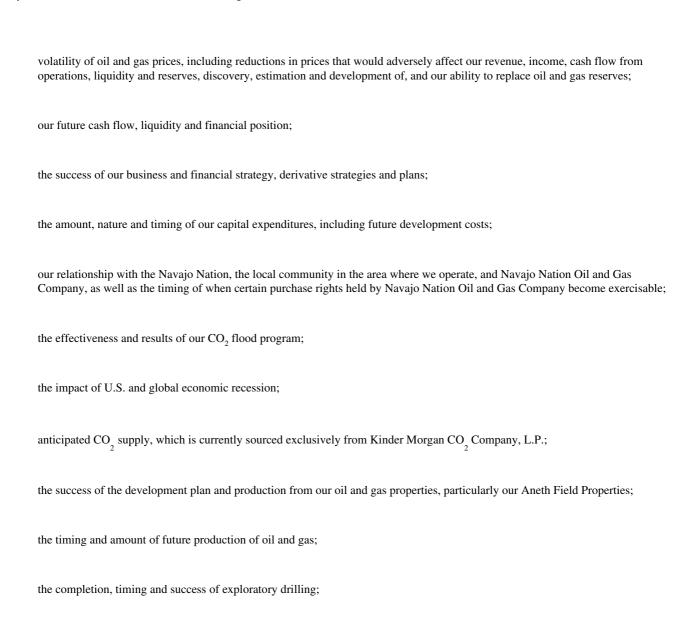
Smaller reporting company

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

As of July 31, 2012, 61,891,096 shares of the Registrant s \$0.0001 par value Common Stock were outstanding.

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 si 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 2012 and beyond, the nature, timing and results of capital expenditure projects, amounts of future capital expenditures, the results of exploration and development activities, our plans with respect to future acquisitions, our future debt levels and liquidity and future derivative activities. Although we believe that the expectations reflected in such forward-looking statements are reasonable, those expectations may prove to be incorrect. Disclosure of important factors that could cause actual results to differ materially from our expectations, or cautionary statements, are included 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, in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2012 and our Annual Report on Form 10-K for the year ended December 31, 2011, and such things as:



availability of, or delays related to, drilling, completion and production, personnel, supplies and equipment; 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; the impact and costs related to compliance with, or changes in, laws or regulations governing our oil and gas operations, including the potential for increased regulation of underground injection 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;

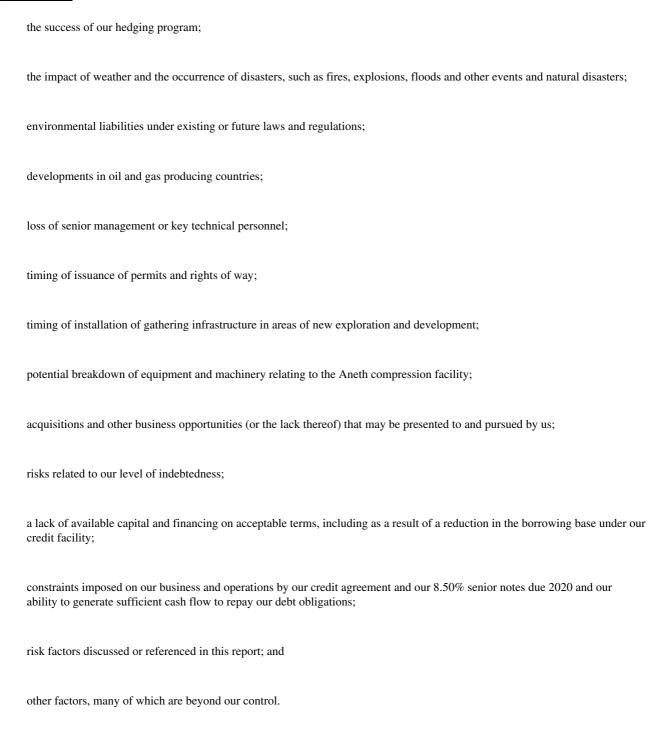


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PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

RESOLUTE ENERGY CORPORATION

Condensed Consolidated Balance Sheets (UNAUDITED)

(in thousands, except share and per share amounts)

June 30 2012		December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,852	\$ 1,135
Accounts receivable	73,532	61,930
Deferred income taxes	7,173	13,694
Derivative instruments	4,015	3,170
Prepaid expenses and other current assets	1,840	1,829
Total current assets	89,412	81,758
Property and equipment, at cost:		
Oil and gas properties, full cost method of accounting		
Unproved	85,646	64,357
Proved	1,002,973	885,503
Other property and equipment	5,170	4,070
Accumulated depletion, depreciation and amortization	(149,742)	(114,214)
Net property and equipment	944,047	839,716
Other assets:		
Restricted cash	18,421	16,601
Derivative instruments	2,064	2,291
Deferred financing costs		2,433
Other assets		4,761
Total assets	\$ 1,072,682	\$ 947,560
Liabilities and Stockholders Equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 105,859	\$ 87,585
Asset retirement obligations	2,978	3,953
Derivative instruments	16,576	33,910
Derivative institutions	10,570	33,910
Total current liabilities	125,413	125,448
Long term liabilities:		
Credit facility		170,000
Senior notes		
Asset retirement obligations		12,600
Derivative instruments	15,229	30,701

99,658		92,986
10,000		
540,478		431,735
6		6
512,566		518,267
19,632		(2,448)
532,204		515,825
\$ 1,072,682	\$	947,560
	10,000 540,478 6 512,566 19,632 532,204	10,000 540,478 6 512,566 19,632 532,204

See notes to condensed consolidated financial statements

RESOLUTE ENERGY CORPORATION

Condensed Consolidated Statements of Operations (UNAUDITED)

(in thousands, except per share data)

	Three Mor June 2012		Six Montl June 2012	
Revenue:				
Oil	\$ 59,778	\$ 53,892	\$ 119,456	\$ 102,438
Gas	4,410	5,238	8,272	10,043
Other	291	778	291	1,483
Total revenue	64,479	59,908	128,019	113,964
Operating expenses:				
Lease operating	19,564	13,526	36,748	27,912
Production and ad valorem taxes	9,642	8,233	19,868	16,025
Depletion, depreciation, amortization, and asset retirement obligation accretion	18,958	13,692	36,016	26,660
General and administrative	5,692	4,753	10,908	9,106
Total operating expenses	53,856	40,204	103,540	79,703
Income from operations	10,623	19,704	24,479	34,261
Other income (expense):				
Interest expense, net	(3,696)	(772)	(4,910)	(1,887)
Realized and unrealized gains (losses) on derivative instruments	29,546	21,644	15,717	(18,331)
Other income (expense)	(17)	18	(14)	52
Total other income (expense)	25,833	20,890	10,793	(20,166)
Income before income taxes	36,456	40,594	35,272	14,095
Income tax expense	(13,634)	(14,926)	(13,192)	(5,201)
Net income	\$ 22,822	\$		