Hicks Acquisition CO I Inc.
Form S-4/A
January 22, 2013
Table of Contents

As filed with the Securities and Exchange Commission on January 22, 2013

Registration No. 333-183739

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 2

to

Form S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

RESOLUTE ENERGY CORPORATION

And the Co-Registrants named in the Table of Co-Registrants

(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 No.)

1675 Broadway, Suite 1950	**Michael N. Stefanoudakis**
Denver, Colorado 80202	**1675 Broadway, Suite 1950**
303-534-4600	**Denver, Colorado 80202**
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant s Principal Executive Offices)	**303-534-4600**
	(Name, 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

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

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. ¨

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

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. ¨

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 ¨		Accelerated filer	x
Non-accelerated filer ¨ (Do not check if a smaller reporting company)		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 Note	Proposed Maximum Aggregate Offering Price(1)	Amount of Registration Fee
8.50% Senior Notes due 2020, issued April 25, 2012	$250,000,000	100%	$250,000,000	$28,650.00(2)
8.50% Senior Notes due 2020, issued December 10, 2012	$150,000,000	100%	$150,000,000	$20,460.00(2)
Guarantees(3)(4)	NA	NA	NA	NA
Total	$400,000,000	100%	$400,000,000	$49,110.00(2)

(1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(f) under the Securities Act of 1933.
(2) A Registration Fee is only being paid with respect to the registration of an additional $150,000,000 of 8.50% Senior Notes due 2020 issued on December 10, 2012. The Amount of Registration Fee related to Resolute Energy Corporation s 8.50% Senior Notes due 2020, issued on April 25, 2012, was previously paid in connection with the filing of Resolute Energy Company s Registration Statement on Form S-4 on September 6, 2012.
(3) The guarantors are each of the subsidiaries of Resolute Energy Corporation that have guaranteed the notes being registered. Those subsidiaries are identified below in the Table of Co-Registrants.
(4) No separate consideration will be received for the guarantees, and no separate fee is payable pursuant to Rule 457(n) under the Securities Act of 1933.

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 OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

TABLE OF CO-REGISTRANTS

The following direct or indirect subsidiaries of Resolute Energy Corporation may guarantee the debt securities issued hereunder and are co-registrants under this Registration Statement.

Exact Name of Co-Registrant as Specified in its Charter	I.R.S. Employer Identification No.	State or Other Jurisdiction of Incorporation or Organization
Hicks Acquisition Company I, Inc.	20-8521842	Delaware

Resolute Aneth, LLC	20-1880729	Delaware
Resolute Natural Resources Company, LLC	27-3421083	Delaware
Resolute Wyoming, Inc.	20-0537587	Delaware
BWNR, LLC	27-0659371	Delaware
WYNR, LLC	27-0659371	Delaware
Resolute Northern Rockies, LLC	27-0659371	Delaware
Resolute Natural Resources Southwest, LLC	27-0659371	Delaware

Table of Contents

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

Subject to Completion, dated January 22, 2013

PROSPECTUS

Resolute Energy Corporation

Offer to Exchange up to

$400,000,000 8.50% Senior Notes due 2020

That Have Been Registered Under the Securities Act of 1933

For Any and All Outstanding

8.50% Senior Notes due 2020

The Exchange Offer

We are offering to exchange up to $400,000,000 of our outstanding unregistered 8.50% Senior Notes due 2020 (outstanding notes) for new notes with substantially identical terms that have been registered under the Securities Act of 1933, as amended (new notes).

The exchange offer expires at 11:59 p.m., New York City time, on , 2013, unless we decide to extend the expiration date.

The exchange offer is not conditional upon any minimum principal amount of outstanding notes being tendered for exchange. Tenders of outstanding notes may be withdrawn at any time prior to the expiration date.

The exchange of new notes for outstanding notes should generally not be a taxable event for U.S. federal income tax purposes.

Broker-dealers who receive new notes pursuant to the exchange offer acknowledge that they will deliver a prospectus in connection with any resale of such new notes.

Broker-dealers who acquired outstanding notes as a result of market-making or other trading activities may use this prospectus for the exchange offer, as supplemented or amended, in connection with resales of the new notes. We have agreed to use commercially reasonable efforts to make this prospectus available for a period commencing on the day the exchange offer is consummated and continuing for 90 days (or such shorter period during which such broker-dealers or such other persons are required by law to deliver the prospectus); provided, however, that if for any day during such period we restrict the use of such prospectus, such period shall be extended on a day-by-day basis.

Table of Contents

The New Notes

The terms of the new notes are identical to the terms of the outstanding notes that were issued on April 25, 2012 and December 10, 2012, except that the new notes will be registered under the Securities Act of 1933, as amended (the Securities Act) and will not contain restrictions on transfer, registration rights or provisions for additional interest.

You should carefully consider the risk factors beginning on page 7 of this prospectus before participating in the exchange offer.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Prospectus dated , 2013

Table of Contents

TABLE OF CONTENTS

This prospectus incorporates business and financial information about us that is not included in or delivered with this prospectus. You should rely only on the information contained in this prospectus or information contained in documents incorporated by reference in this prospectus. We have not authorized anyone to provide you with different information. The information contained in this prospectus is accurate only as of its date or, in the case of an incorporated document, the date of its filing, regardless of the time of delivery of this prospectus or of any exchange of our outstanding notes for new notes. We are not making this exchange offer to, nor will we accept surrenders for exchange from, holders of outstanding notes in any jurisdiction in which the exchange offer would violate securities or blue sky laws or where it is otherwise unlawful.

You can obtain documents incorporated by reference in this prospectus by requesting them in writing or by telephone from us at Resolute Energy Corporation, Attention: Corporate Secretary, 1675 Broadway, Suite 1950, Denver, Colorado 80202, 303-534-4600.

In order to ensure timely delivery of the requested documents, requests should be made no later than five business days before the expiration date of this exchange offer. In the event that we extend the exchange offer, we urge you to submit your request at least five business days before the expiration date, as extended. You will not be charged for any of the documents that you request.

WHERE YOU CAN FIND MORE INFORMATION; INCORPORATION BY REFERENCE

We have filed with the SEC a registration statement on Form S-4 to register this exchange offer of the new notes, which you can access on the SEC s website at *www.sec.gov*. This prospectus, which forms part of the registration statement, does not contain all of the information included in that registration statement. For further information about us and about the new notes offered in this prospectus, you should refer to the registration statement, including its exhibits.

Table of Contents

This prospectus incorporates by reference certain important business and financial information we file with the SEC, which means that we can disclose that information to you without actually including the specific information in this prospectus and referring you to other documents previously filed with the SEC. The information incorporated by reference is considered to be part of this prospectus, except for information that is superseded by information that is included directly in this prospectus or incorporated by reference subsequent to the date of this prospectus. We incorporate by reference the information and documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 as amended (the Exchange Act) prior to the closing of this exchange offer (including prior to the effectiveness of the registration statement) and that are deemed filed with the SEC, which will automatically update and supersede this information.

We file annual, quarterly and current reports and other information with the SEC. You may read and copy any materials we file with the SEC at the Public Reference Room maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. You may obtain further information about the operation of the SEC s Public Reference Room by calling the SEC at 1-800-SEC-0330. These materials are also available to the public from the SEC s website at *www.sec.gov*.

We incorporate by reference in this prospectus the following documents that we have previously filed with the SEC:

- Our Annual Report on Form 10-K for the year ended December 31, 2011, filed on March 13, 2012;
- The portion of our Definitive Proxy Statement filed on April 27, 2012 that is incorporated by reference into Part III of our Annual Report on Form 10-K for the year ended December 31, 2011;
- Our Quarterly Reports on Form 10-Q for the quarters ended March 31, June 30 and September 30, 2012, filed on May 8, August 6 and November 5, 2012, respectively; and
- Our Current Reports on Form 8-K filed on March 6, March 12, April 12, April 16, April 26, May 7, May 31, June 28, July 3, August 6, November 5, December 5, December 6, December 11, December 26 and December 31, 2012 and January 18, 2013 to the extent filed and not furnished pursuant to Section 13(a) of the Exchange Act.

You may request a copy of all incorporated filings, at no cost, by writing or telephoning us at the following address or phone number and may view the documents by accessing our website at *www.resoluteenergy.com:*

Resolute Energy Corporation

1675 Broadway, Suite 1950

Denver, Colorado 80202

Attention: Corporate Secretary

303-534-4600

To obtain timely delivery of any requested information, holders of outstanding notes must make any request no later than five business days prior to the expiration of the exchange offer. To obtain timely delivery, you must request the information no later than , 2013.

You should rely only on the information incorporated by reference or provided in this prospectus. If information in incorporated documents conflicts with information in this prospectus you should rely on the most recent information. If information in an incorporated document conflicts with information in another incorporated document, you should rely on the most recent incorporated document. You should not assume that the information in this prospectus or any document incorporated by reference is accurate as of any date other than the date of those documents. We have not authorized anyone else to provide you with any information.

MARKET AND INDUSTRY DATA

In this prospectus and in the documents incorporated by reference herein, we refer to information regarding market data obtained from internal sources, market research, publicly available information and industry publications. Estimates are inherently uncertain, involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading Risk Factors in this prospectus. We believe that these sources and estimates are reliable but have not independently verified them and cannot guarantee their accuracy or completeness.

Table of Contents

FORWARD-LOOKING STATEMENTS

Some of the statements contained or incorporated by references in this prospectus 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, the expected benefits to be realized from the Acquired Permian Properties, including our ability to achieve the growth we expect as a result of such acquisitions, expected future production, expenses and cash flows, the nature, timing and results of capital expenditure projects, our ability to improve efficiency and control costs, amounts of future capital expenditures, drilling plans and the results of exploration and development activities on our existing properties and the Acquired Permian Properties, our plans with respect to future acquisitions, our future debt levels and liquidity, future derivative activities and future compliance with covenants under the new notes and the revolving credit facility. 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 quarters ended March 31, June 30 and September 30, 2012 and our Annual Report on Form 10-K for the year ended December 31, 2011, 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 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, and Navajo Nation Oil and Gas Company, as well as the timing of when certain purchase rights held by Navajo Nation Oil and Gas Company become exercisable;
- a lack of available capital and financing 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_2 flood program;
- the impact of U.S. and global economic recession;
- anticipated CO_2 supply, which is currently sourced exclusively from Kinder Morgan CO_2 Company, L.P.;
- the success of the development plan and production from our oil and gas properties, particularly our Aneth Field Properties;

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

the completion, timing and success of exploratory drilling;

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;

Table of Contents

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 hedging 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;

risks related to our level of indebtedness;

developments in oil and gas producing countries;

loss of senior management or key technical personnel;

timing of issuance of permits and rights of way;

timing of installation of gathering infrastructure in areas of new exploration and development and the risk that any opportunity currently pursued will fail to be consummated or encounter material complications;

losses possible from pending or future litigation;

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

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

risks associated with unanticipated liabilities assumed, or title, environmental or other problems resulting from the acquisitions of the Acquired Permian Properties;

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

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

our ability to fulfill our obligations under the new notes;

risk factors discussed or referenced in this report; and

other factors, many of which are beyond our control.

Finally, our future results will depend upon various other risks and uncertainties, including, but not limited to, those detailed in our filings with the SEC that are incorporated by reference herein and in the section entitled Risk Factors in this prospectus. For additional information regarding risks and uncertainties that may affect us, please read our filings with the SEC under the Exchange Act, including our Annual Report on Form 10-K for the fiscal year ended December 31, 2011 and our Quarterly Reports on Form 10-Q for the quarters ended March 31, June 30 and September 30, 2012, which are incorporated by reference herein. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements in this paragraph and elsewhere in this prospectus and in the documents incorporated by reference. Other than as required under the securities laws, we do not assume a duty to update these forward-looking statements, whether as a result of new information, subsequent events or circumstances, changes in expectations or otherwise.

Table of Contents

PROSPECTUS SUMMARY

This summary highlights selected information from this prospectus. It likely does not contain all of the information that is important to you. This prospectus includes specific terms of the new notes, as well as information regarding our business and detailed financial data. We encourage you to read this entire prospectus carefully, including the financial and operating data and related notes, the section entitled Risk Factors and the documents that have been incorporated by reference into this prospectus before making an exchange decision

As used in this prospectus, references to Resolute, we, our, ours, and us refer to Resolute Energy Corporation and its subsidiaries.

Our Company

We are a publicly traded, independent oil and gas company engaged in the exploitation, development, exploration and acquisition of oil and gas properties. Our asset base is comprised of four complementary operational regions and includes properties in Aneth Field located in the Paradox Basin in southeast Utah (the Aneth Field Properties), the Big Horn and Powder River Basins in Wyoming (the Wyoming Properties), the Permian Basin in Texas (the Permian Properties) and the Williston Basin in North Dakota (the Bakken Properties). Our primary operational focus is on increasing reserves and production from these properties while improving efficiency and optimizing operating costs. We plan to expand our reserve base through an organic growth strategy focused on the expansion of tertiary oil recovery in Aneth Field, the exploitation and development of oil-prone acreage, particularly in our Permian and Bakken Properties, and through carefully targeted exploration activities in our Wyoming Properties. On December 21, 2012, we completed the acquisition of properties in Lea County, New Mexico and Howard County, Texas, and on December 28, we completed the acquisition of a partial interest in properties in Midland and Ector Counties, Texas. All of these acquired properties are located in the Permian Basin (the Acquired Permian Properties). We have the option to acquire the remaining interest in the Acquired Permian Properties located in Midland and Ector Counties, Texas for an additional $230 million by March 18, 2013. We filed current reports on Form 8-K relating to these acquisitions on December 5, 2012, December 26, 2012 and December 31, 2012, which reports contain detailed information regarding the acquisitions. We also expect to engage in additional opportunistic acquisitions in the future. Future acquisitions may require us to incur additional indebtedness.

Our executive offices are located at 1675 Broadway, Suite 1950, Denver, CO, 80202 and our telephone number at that address is 303-534-4600. Our website address is www.resoluteenergy.com. Information contained on, or available through, our website is not part of this prospectus.

The Exchange Offer

On April 25, 2012 and December 10, 2012, we completed private offerings of the outstanding notes. We entered into registration rights agreements with the initial purchasers in each of the private offerings in which we agreed to deliver this prospectus and to offer the new notes in exchange for the outstanding notes.

Exchange Offer	We are offering to exchange each $2,000, and $1,000 integral multiples in excess of $2,000, principal amount of our 8.50% Senior Notes due 2020 registered under the Securities Act, which we refer to as new notes, for each $2,000, and $1,000 integral multiples in excess of $2,000, principal amount of our outstanding 8.50% Senior Notes due 2020 issued on April 25, 2012 and December 10, 2012 in private offerings (CUSIPs: 76116A AA6, J76174 AA6 and J76174 AB4), which we refer to as outstanding notes . In order to exchange an outstanding note, you must follow the required procedures and we must accept the outstanding note for exchange. We will exchange all outstanding notes validly tendered for exchange and not validly withdrawn. As of the date of this prospectus, there is $400,000,000 aggregate principal amount of outstanding notes outstanding.
Expiration Date	The exchange offer will expire at 11:59 p.m. New York City time, on 2013, unless we decide to extend it.
Resale of the New Notes	Based on interpretive letters of the SEC staff to third parties, we believe that you may offer for resale, resell and otherwise transfer the new notes issued pursuant to the exchange offer without compliance with the registration and prospectus delivery provisions of the Securities Act, if you:

1

Table of Contents

are not an affiliate of ours, as defined in Rule 405 of the Securities Act;

are not participating in, and do not intend to participate in, a distribution of the new notes within the meaning of the Securities Act and have no arrangement or understanding with any person to participate in a distribution of the new notes within the meaning of the Securities Act;

are acquiring the new notes in the ordinary course of your business; and

are not acting on behalf of any person who could not truthfully and completely make the foregoing representations.

In addition, if you are a broker-dealer and receive new notes for your own account, you must acknowledge that you will deliver a prospectus if you resell the new notes. By acknowledging your intent and delivering a prospectus you will not be deemed to admit that you are an underwriter under the Securities Act. You may use this prospectus as it is amended from time to time when you resell new notes that were acquired from market-making or trading activities. We have agreed to use commercially reasonable efforts to make this prospectus available for a period commencing on the day the exchange offer is consummated and continuing for 90 days (or such shorter period during which such broker-dealers or such other persons are required by law to deliver the prospectus); provided, however, that if for any day during such period we restrict the use of such prospectus, such period shall be extended on a day-by-day basis.

By tendering your notes as described in The Exchange Offer Procedures for Tendering , you will be making representations to this effect. If you fail to satisfy any of these conditions, you cannot rely on the position of the SEC set forth in the interpretive no-action letters referred to above and you must comply with the applicable registration and prospectus delivery requirements of the Securities Act in connection with a resale of the new notes.

We base our belief on interpretations by the SEC staff in no-action letters issued to other issuers in exchange offers like ours. We cannot guarantee that the SEC would make a similar decision about our exchange offer. If our belief is wrong, you could incur liability under the Securities Act. We will not protect you against any loss incurred as a result of this liability under the Securities Act.

Consequences If You Do Not Exchange Your Outstanding Notes

If you are eligible to participate in the exchange offer and you do not tender your outstanding notes, you will no longer have any registration or exchange rights and your outstanding notes will continue to be subject to transfer restrictions. These transfer restrictions and the availability of new notes could adversely affect the trading market for your outstanding notes.

Conditions

The registration rights agreement does not require us to accept outstanding notes for exchange if the exchange offer, or the making of any exchange by a holder of the outstanding notes, would violate any applicable law or interpretation of the staff of the SEC. The exchange offer is not conditioned on a minimum aggregate principal amount of outstanding notes being tendered.

Table of Contents

Procedures for Tendering Outstanding Notes	We have forwarded to you, along with this prospectus, a letter of transmittal relating to this exchange offer. Because all of the outstanding notes are held in book-entry accounts maintained by the exchange agent at the Depository Trust Company (DTC), Euroclear or Clearstream, Luxembourg, a holder need not submit a letter of transmittal. However, all holders who exchange their outstanding notes for new notes in accordance with the procedures outlined below will be deemed to have acknowledged receipt of, and agreed to be bound by, and to have made all of the representations and warranties contained in the letter of transmittal. To tender in the exchange offer, a holder must comply with the following procedures, as applicable: *Holders of outstanding notes through DTC:* If you wish to exchange your outstanding notes and either you or your registered holder hold your outstanding notes in book-entry form directly through DTC, you must submit an instruction and follow the procedures for book-entry transfer as provided under The Exchange Offer Book-Entry Transfer. *Holders of outstanding notes through Euroclear or Clearstream, Luxembourg:* If you wish to exchange your outstanding notes and either you or your registered holder hold your outstanding notes in book-entry form directly through Euroclear or Clearstream, Luxembourg, you should be aware that pursuant to their internal guidelines, Euroclear and Clearstream, Luxembourg will automatically exchange your outstanding notes for new notes. If you do not wish to participate in the exchange offer, you must instruct Euroclear or Clearstream, Luxembourg, as the case may be, to Take No Action ; otherwise your outstanding notes will automatically be tendered in the exchange offer, and you will be deemed to have agreed to be bound by the terms of the letter of transmittal.
Special Procedures for Beneficial Owners	If you are a beneficial owner of outstanding notes which are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, and you wish to tender outstanding notes in the exchange offer, you should contact the registered holder promptly and instruct the registered holder to tender on your behalf. If you wish to tender on your own behalf, you must, prior to completing and executing the letter of transmittal and delivering your outstanding notes, either make appropriate arrangements to register ownership of the outstanding notes in your name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time and may not be able to be completed prior to the expiration date.
Withdrawal of Tenders	You may withdraw your tender of outstanding notes under the exchange offer at any time prior to the expiration date. To withdraw, you must submit a notice of withdrawal to the exchange agent before 11:59 p.m., New York City time, on the expiration date of the exchange offer.
Fees and Expenses	We will bear all expenses related to the exchange offer.
Use of Proceeds	The issuance of the new notes will not provide us with any new proceeds. We are making this exchange offer solely to satisfy our obligations under the registration rights agreements.
U.S. Federal Income Tax Consequences	The exchange of new notes for outstanding notes in the exchange offer should generally not be a taxable event for U.S. federal income tax purposes.

Table of Contents

Exchange Agent	U.S. Bank National Association is the exchange agent. You should direct questions and requests for assistance, for additional copies of this prospectus or the letter of transmittal to the exchange agent at telephone number 1-800-934-6802.

The New Notes

This exchange offer applies to any and all outstanding notes. The terms of the new notes will be the same as the outstanding notes, except that (1) the new notes will not be subject to the restrictions on transfer that apply to the outstanding notes, (2) the new notes will not be subject to the registration rights relating to the outstanding notes and (3) the new notes will not contain provisions for payment of additional interest in case of non-registration. The new notes issued in this exchange offer will evidence the same debt as the outstanding notes and both types of notes will be entitled to the benefits of the same indenture and treated as a single class of debt securities. In this document, we sometimes refer to the outstanding notes and the new notes together as the notes .

Issuer	Resolute Energy Corporation.
Securities Offered	Up to $400,000,000 principal amount of our 8.50% Senior Notes due May 1, 2020, which have been registered under the Securities Act.
Maturity Date	May 1, 2020.
Interest Payment Dates	May 1 and November 1, commencing May 1, 2013.
Ranking	The outstanding notes are, and the new notes will be, our general unsecured senior obligations. Accordingly, they: rank equally in right of payment with all of our existing and future senior indebtedness; rank senior in right of payment to all of our future subordinated indebtedness; and are effectively subordinated in right of payment to all of our existing and future secured indebtedness, including indebtedness under our revolving credit facility, to the extent of the value of the assets securing such indebtedness. As of December 31, 2012, we had approximately $162 million of outstanding indebtedness under our revolving credit facility. Any future borrowings under our revolving credit facility will constitute senior secured indebtedness.
Guarantees	The outstanding notes are and the new notes will be guaranteed on a senior unsecured basis by all of our current subsidiaries and, with certain exceptions, our future subsidiaries. Accordingly, they: rank equally in right of payment with all of our existing and future senior indebtedness of the guarantor; rank senior in right of payment to all of our future subordinated indebtedness of the guarantor; and

are effectively subordinated in right of payment to all of our existing and future secured indebtedness of the guarantor, including the guarantee of indebtedness under our revolving credit facility, to the extent of the value of the assets securing such indebtedness.

Table of Contents

As of December 31, 2012, the guarantor subsidiaries have no significant indebtedness other than guarantees under our revolving credit facility.

Optional Redemption

On or after May 1, 2016, we may redeem all or part of the notes, in each case at the redemption prices described under Description of Notes Optional Redemption, together with any accrued and unpaid interest to the date of redemption.

At any time prior to May 1, 2015, we may redeem up to 35% of the aggregate principal amount of the notes with the net cash proceeds of certain equity offerings and the net cash proceeds from the exercise of certain warrants at the redemption price set forth under Description of Notes Optional Redemption, if at least 65% of the aggregate principal amount of the notes issued under the indenture remains outstanding immediately after the occurrence of such redemption and the redemption occurs no later than 180 days after the closing date of such equity offering or such warrant exercise, as the case may be.

In addition, prior to May 1, 2016, we may redeem all or part of the notes at a make-whole redemption price described under Description of Notes Optional Redemption, together with any accrued and unpaid interest to the date of redemption.

Change of Control

If a change of control occurs, we may be required to offer to purchase all of the notes at a price of 101% of the principal amount of the notes, plus accrued and unpaid interest, if any, to the date of purchase. See Description of Notes Change of Control.

Asset Sales

In connection with certain asset dispositions, we will be required to use the net cash proceeds of such asset dispositions to make an offer to purchase the notes at 100% of the principal amount, together with any accrued and unpaid interest to the date of purchase.

Certain Covenants

The indenture governing the notes contains covenants that, among other things, limit our ability and the ability of our subsidiaries to:

- borrow money;
- pay dividends or make other distributions on stock;
- purchase or redeem stock or subordinated indebtedness;
- make investments;
- create certain liens;
- enter into agreements that restrict distributions or other payments from our restricted subsidiaries;
- enter into transactions with affiliates;

sell assets;

consolidate with or merge with or into other companies or transfer all or substantially all our assets; and

create unrestricted subsidiaries.

These covenants are subject to important exceptions and qualifications. See Description of Notes Certain Covenants.

Table of Contents

	If the notes achieve an investment grade rating from both S&P and Moody s and our revolving credit facility ceases to be secured, many of the covenants will be suspended. See Description of Notes Certain Covenants.
Absence of Established Market for the Notes	The notes will constitute a new class of securities and there is no established market for the notes. Accordingly, we cannot assure you as to the development or liquidity of any market for the new notes. We do not intend to apply for a listing of the notes on any national securities exchange or for the inclusion of the new notes on any automated dealer quotation system
Trustee	U.S. Bank National Association.
Risk Factors	Investing in the new notes involves risks. See Risk Factors beginning on page 7 for a discussion of certain factors you should consider in evaluating whether or not to tender your outstanding notes.

Table of Contents

RISK FACTORS

An investment in the notes involves risks. You should carefully consider the risk factors identified in our Annual Report on Form 10-K for the year ended December 31, 2011 and in our Quarterly Reports on Form 10-Q for the quarters ended March 31, June 30 and September 30, 2012 before making an investment in the notes. You should also carefully consider the risks described below, as well as the other information contained or incorporated by reference in this prospectus, before investing in the notes. The risks and uncertainties described below are not the only ones we may face. The following risks, together with additional risks and uncertainties not currently known to us or that we may currently deem immaterial, could adversely affect our business, operating results and financial condition.

Risks Relating to the New Notes and the Exchange Offer

If you fail to exchange your outstanding notes, they will continue to be restricted securities and may become less liquid.

Outstanding notes that you do not tender or that we do not accept will, following the exchange offer, continue to be restricted securities. This means that you may not offer to sell them except under an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We will issue the new notes in exchange for the outstanding notes in the exchange offer only following the satisfaction of the procedures and conditions set forth in The Exchange Offer Procedures for Tendering. Because we anticipate that most holders of the outstanding notes will elect to exchange their outstanding notes, we expect that the liquidity of the market for the outstanding notes remaining after the completion of the exchange offer will be substantially limited. Any outstanding notes tendered and exchanged in the exchange offer will reduce the aggregate principal amount of the outstanding notes at maturity.

You may not receive the new notes in the exchange offer if the exchange offer procedures are not properly followed.

We will issue the new notes in exchange for your outstanding notes only if you properly tender the outstanding notes before expiration of the exchange offer. Neither we nor the exchange agent is under any duty to give notification of defects or irregularities with respect to the tenders of the outstanding notes for exchange. If you are the beneficial holder of outstanding notes that are held through your broker, dealer, commercial bank, trust company or other nominee, and you wish to tender such notes in the exchange offer, you should promptly contact the person through whom your outstanding notes are held and instruct that person to tender on your behalf.

If you are a broker-dealer, your ability to transfer the new notes may be restricted.

A broker-dealer that purchased outstanding notes for its own account as part of market-making or trading activities must comply with the prospectus delivery requirements of the Securities Act when it sells the new notes. Our obligation to make this prospectus available to broker-dealers is limited. Consequently, we cannot guarantee that a proper prospectus will be available to broker-dealers wishing to resell their new notes.

There is no established trading market for the new notes and one may not develop.

There is currently no established trading market for the new notes or trading history and an active market may not develop. We do not intend to list the new notes on any exchange. If an active market does develop such market may cease at any time. As a result, you may not be able to resell your new notes for an extended period of time, if at all. Consequently, your lenders may be reluctant to accept the new notes as collateral for loans. In addition, in response to prevailing interest rates and market conditions generally or other factors referred to in the section entitled Forward-Looking Statements, the new notes could trade at a price higher or lower than their initial offering price and you may not be able to liquidate your investment.

Table of Contents

Risks Related to Our Indebtedness

We and the guarantors may be unable to fulfill our and their obligations under the notes and the note guarantees.

We have a substantial amount of indebtedness. As a result, a significant portion of our cash flow will be required to pay interest and principal on our indebtedness, and we may not generate sufficient cash flow from operations, or have future borrowing capacity available, to enable us to repay our indebtedness, including the notes, or to fund other liquidity needs. As of December 31, 2012, we have $562 million in outstanding indebtedness.

Servicing our indebtedness and satisfying our other obligations will require a significant amount of cash. Our cash flow from operating activities and other sources may not be sufficient to fund our liquidity needs. Our ability to pay interest and principal on our indebtedness and to satisfy our other obligations will depend upon our future operating performance and financial condition and the availability of refinancing indebtedness, which will be affected by prevailing economic conditions and financial, business and other factors, many of which are beyond our control. We cannot assure you that our business will generate sufficient cash flow from operations, or that future borrowings will be available to us under our revolving credit facility or otherwise, in an amount sufficient to fund our liquidity needs, including the payment of principal and interest on the notes.

A substantial decrease in our operating cash flow or an increase in our expenses could make it difficult for us to meet debt service requirements and could require us to modify our operations, including by curtailing our exploration and drilling programs, selling assets, reducing our capital expenditures, refinancing all or a portion of our existing debt or obtaining additional financing. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. In addition, the terms of future debt agreements may, and our revolving credit facility and the indenture governing the notes do, restrict us from implementing some of these alternatives. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. We may not be able to consummate these dispositions for fair market value or at all. Furthermore, any proceeds that we could realize from any dispositions may not be adequate to meet our debt service obligations then due.

Our substantial indebtedness could adversely impact our business, results of operations and financial condition.

In addition to making it more difficult for us to satisfy our obligations to pay principal and interest on the notes, our substantial indebtedness could limit our ability to respond to changes in the markets in which we operate and otherwise limit our activities. For example, our indebtedness, and the terms of agreements governing that indebtedness, could:

- require us to dedicate a substantial portion of our cash flow from operations to service our existing debt obligations, thereby reducing the cash available to finance our operations and other business activities and could limit our flexibility in planning for or reacting to changes in our business and the industry in which we operate;
- increase our vulnerability to economic downturns and impair our ability to withstand sustained declines in oil and gas prices;
- subject us to covenants that limit our ability to fund future working capital, capital expenditures, exploration costs and other general corporate requirements;
- prevent us from borrowing additional funds for operational or strategic purposes (including to fund future acquisitions), disposing of assets or paying cash dividends;

Table of Contents

limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;

require us to devote a substantial portion of our cash flow from operations to payments on our indebtedness, thereby reducing the availability of our cash flow to fund exploration efforts, working capital, capital expenditures and other general corporate purposes; and

place us at a competitive disadvantage relative to our competitors that have less debt outstanding.

Covenants in the indenture governing the notes and in our revolving credit facility currently impose, and future financing agreements may impose, significant operating and financial restrictions.

The indenture governing the notes and our revolving credit facility contain restrictions, and future financing agreement may contain additional restrictions, on our activities, including covenants that restrict our and our restricted subsidiaries ability to:

incur additional debt;

pay dividends on, redeem or repurchase stock;

create liens;

make specified types of investments;

apply net proceeds from certain asset sales;

engage in transactions with our affiliates;

engage in sale and leaseback transactions;

merge or consolidate;

restrict dividends or other payments from restricted subsidiaries;

sell equity interests of restricted subsidiaries; and

sell, assign, transfer, lease, convey or dispose of assets.

Our revolving credit agreement will mature in April 2017, unless extended, and is secured by all of our oil and gas properties as well as a pledge of all ownership interests in operating subsidiaries. The revolving credit facility contains various affirmative and negative covenants including but not limited to financial covenants that require us to maintain (i) a consolidated current ratio of at least 1.0 to 1.0 at the end of any fiscal quarter, and (ii) a maximum leverage ratio (consolidated indebtedness to consolidated EBITDA as defined in the credit agreement) generally not

to exceed 4.0 to 1.0 at the end of each fiscal quarter.

These restrictions may prevent us from taking actions that we believe would be in the best interest of our business, and may make it difficult for us to successfully execute our business strategy or effectively compete with companies that are not similarly restricted. We may also incur future debt obligations that might subject us to additional restrictive covenants that could affect our financial and operational flexibility. We cannot assure you that we will be granted waivers or amendments to these agreements if for any reason we are unable to comply with these agreements, or that we will be able to refinance our debt on terms acceptable to us, or at all.

Table of Contents

If we are unable to comply with the restrictions and covenants in the agreements governing the notes and other debt, there could be a default under the terms of these agreements, which could result in an acceleration of payment of funds that we have borrowed and would impact our ability to make principal and interest payments on the notes.

Any default under the agreements governing our indebtedness, including a default under our revolving credit facility that is not waived by the required lenders, and the remedies sought by the holders of any such indebtedness, could make us unable to pay principal, premium, if any, and interest on the notes and substantially decrease the market value of the notes. If we are unable to generate sufficient cash flow and are otherwise unable to obtain funds necessary to meet required payments of principal, premium, if any, and interest on our indebtedness, or if we otherwise fail to comply with the various covenants, including financial and operating covenants, in the instruments governing our indebtedness (including the notes or our revolving credit facility), we could be in default under the terms of the agreements governing such indebtedness. In the event of such default, the holders of such indebtedness could elect to declare all the funds borrowed thereunder to be due and payable, together with accrued and unpaid interest, the lenders under our revolving credit facility could elect to terminate their commitments, cease making further loans and institute foreclosure proceedings against our assets, and we could be forced into bankruptcy or liquidation. If our operating performance declines, we may in the future need to seek to obtain waivers from the required lenders under our revolving credit facility to avoid being in default. If we breach our covenants under our revolving credit facility and seek a waiver, we may not be able to obtain a waiver from the required lenders. If this occurs, we would be in default under our revolving credit facility, the lenders could exercise their rights as described above, and we could be forced into bankruptcy or liquidation. See Description of Other Indebtedness and Description of the New Notes.

Notwithstanding our current indebtedness levels and restrictive covenants, we may still be able to incur substantial additional debt or make certain restricted payments, which could exacerbate the risks described above.

We may be able to incur additional debt in the future. For example, we may choose to exercise our option to purchase the remaining interest in the Acquired Permian Properties in Midland and Ector Counties, Texas, which may require us to incur up to $230 million in additional debt. In addition, although the indenture governing the notes contains restrictions on our ability to incur indebtedness, those restrictions are subject to a number of exceptions. In particular, we may borrow under the revolving credit facility. Also, we expect to be able to issue additional notes under the indenture in some circumstances. In addition, if we are able to designate some of our restricted subsidiaries under the indenture as unrestricted subsidiaries, including in connection with the formation of master limited partnerships, those unrestricted subsidiaries would be permitted to borrow beyond the limitations specified in the indenture and engage in other activities in which restricted subsidiaries may not engage. We may also consider investments in joint ventures or acquisitions that may increase our indebtedness. Also, under the indenture, we will be able to make restricted payments in certain circumstances. Adding new debt to current debt levels or making otherwise restricted payments could intensify the related risks that we and our subsidiaries now face.

Availability under our revolving credit facility depends on a borrowing base which is subject to redetermination by our lenders. If our borrowing base is reduced, we may be required to repay amounts outstanding under our revolving credit facility.

Under the terms of our revolving credit facility, our borrowing base (currently set at $330 million) is subject to semi-annual redetermination by our lenders based on their valuation of our proved reserves and their internal criteria. In addition, under certain circumstances, interim redeterminations may be conducted. In the event the amount outstanding under our revolving credit facility at any time exceeds the borrowing base at such time, we may be required to repay a portion of our outstanding borrowings. If we do not have sufficient funds on hand for repayment, we may be required to seek a waiver or amendment from our lenders, refinance our revolving credit facility, sell assets or sell additional shares of common stock. We may not be able obtain such financing or complete such transactions on terms acceptable to us, or at all. Failure to make the required repayment could result in a default under our revolving credit facility.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.

Borrowings under our revolving credit facility bear interest at variable rates and expose us to interest rate risk. If interest rates increase, our debt service obligations on the variable rate indebtedness would increase although the amount borrowed remained the same, and our net income and cash available for servicing our indebtedness would decrease.

Table of Contents

Although the notes are referred to as senior notes, your right to receive payments on the notes is effectively subordinated to the rights of our and our restricted subsidiaries existing and future secured creditors.

The revolving credit facility lenders will have claims that are prior to your claims as holders of the notes to the extent of the value of the assets securing the revolving credit facility. The revolving credit facility is secured by liens on substantially all of our assets and the assets of our restricted subsidiaries. The notes will be effectively subordinated to any secured indebtedness incurred under the revolving credit facility. In the event of any distribution or payment of our or any guarantor s assets in any foreclosure, dissolution, winding-up, liquidation, reorganization or other bankruptcy proceeding, holders of secured indebtedness will have prior claim to those of our or our restricted subsidiaries assets that constitute their collateral. Holders of notes will participate ratably with all holders of our unsecured indebtedness that is deemed to be of the same class as such notes, and potentially with all of our or any restricted subsidiary s other general creditors, based upon the respective amounts owed to each holder or creditor, in our remaining assets. In any of the foregoing events, we cannot assure you that there will be sufficient assets to pay amounts due on the notes. As a result, holders of notes may receive less, ratably, than holders of secured indebtedness.

The notes will be subordinated to all indebtedness of those of our existing or future subsidiaries that are not, or do not become, guarantors of the notes.

Although all of our current subsidiaries are guarantors of the notes, if any future subsidiaries do not become guarantors of the notes, they will have no obligation, contingent or otherwise, to pay amounts due under the notes or to make any funds available to pay those amounts, whether by dividend, distribution, loan or other payment. The notes will be structurally subordinated to all indebtedness and other obligations of any non-guarantor subsidiary such that, in the event of insolvency, liquidation, reorganization, dissolution or other winding up of any subsidiary that is not a guarantor, all of the subsidiary s creditors (including trade creditors and preferred stockholders, if any) would be entitled to payment in full out of the subsidiary s assets before we would be entitled to any payment. In addition, the indenture governing the notes will, subject to some limitations, permit non-guarantor subsidiaries to incur additional indebtedness and will not contain any limitation on the amount of other liabilities, such as trade payables, that may be incurred by these subsidiaries.

We may not be able to repurchase the notes upon a change of control as required by the indenture governing the notes.

Upon the occurrence of certain kinds of change of control events, we will be required to offer to repurchase all outstanding notes at 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of repurchase, unless all notes have been previously called for redemption. The holders of other debt securities that we may issue in the future, which rank equally in right of payment with the notes, may also have this right. Our failure to purchase tendered notes would constitute an event of default under the indenture governing the notes, which in turn, would constitute an event of default under our revolving credit facility. In addition, the occurrence of a change of control (as defined under the revolving credit facility) in itself would constitute an event of default under our revolving credit facility.

Therefore, it is possible that we may not have sufficient funds at the time of the change of control to make the required repurchase of notes. Moreover, our revolving credit facility restricts, and any future indebtedness we incur may restrict, our ability to repurchase the notes, including following a change of control event. As a result, following a change of control event, we would not be able to repurchase notes unless we first repay all indebtedness outstanding under our revolving credit facility and any of our other indebtedness that contains similar provisions, or obtain a waiver from the holders of such indebtedness to permit us to repurchase the notes. We may be unable to repay all of that indebtedness or obtain a waiver of that type. Any requirement to offer to repurchase outstanding notes may therefore require us to refinance our other outstanding debt, which we may not be able to do on commercially reasonable terms, if at all. These repurchase requirements may also delay or make it more difficult for others to obtain control of us.

Table of Contents

In addition, certain important corporate events, such as leveraged recapitalizations that would increase the level of our indebtedness, would not constitute a Change of Control under the indenture. See Description of Notes Change of Control.

Following a sale of substantially all of our assets, you may not be able to determine if a change of control that would give rise to a right to have the notes repurchased has occurred.

The definition of change of control in the Indenture includes a phrase relating to the sale of all or substantially all of our assets. There is no precise, established definition of the phrase substantially all under applicable law. Accordingly, the ability of a holder of notes to require us to repurchase its notes as a result of a sale of less than all our assets to another person may be uncertain.

U.S. federal and state fraudulent transfer laws may permit a court to void, subordinate or limit the notes, and the guarantees, and, if that occurs, you may not receive any payments on the notes or may be required to return payments received on the notes.

U.S. federal and state fraudulent transfer and conveyance statutes may apply to the issuance of the notes and the incurrence of the guarantees of the notes. Under U.S. federal bankruptcy law and comparable provisions of state fraudulent transfer or conveyance laws, which may vary from state to state, the notes or the guarantees thereof (or the grant of collateral securing any such obligations) could be voided, subordinated or limited as a fraudulent transfer or conveyance if we or any of the guarantors, as applicable, (i) issued the notes or incurred the guarantees with the intent of hindering, delaying or defrauding creditors, or (ii) received less than reasonably equivalent value or fair consideration in return for either issuing the notes or incurring the guarantees and, in the case of (ii) only, one of the following is also true at the time thereof:

- we or any of our restricted subsidiaries, as applicable, were insolvent or rendered insolvent by reason of the issuance of the notes or the incurrence of the guarantees;
- the issuance of the notes or the incurrence of the guarantees left us or any of our restricted subsidiaries, as applicable, with an unreasonably small amount of capital or assets to carry on its business;
- we or any of our restricted subsidiaries intended to, or believed that we or such restricted subsidiary would, incur debts beyond our or such restricted subsidiary s ability to pay as they mature; or
- we or any of our restricted subsidiaries were a defendant in an action for money damages, or had a judgment for money damages docketed against us or such restricted subsidiary if, in either case, after final judgment, the judgment is unsatisfied.

As a general matter, value is given for a transfer or an obligation if, in exchange for the transfer or obligation, property is transferred or a valid antecedent debt is secured or satisfied. A court would likely find that a subsidiary guarantor did not receive reasonably equivalent value or fair consideration for its guarantee to the extent such guarantor did not obtain a reasonably equivalent tangible benefit directly or indirectly from the issuance of the notes.

We cannot be certain as to the standards a court would use to determine whether or not we or our restricted subsidiaries were insolvent at the relevant time or, regardless of the standard that a court uses, whether the notes or the guarantees would be subordinated to our or any of our restricted subsidiaries other debt. In general, however, a court would deem an entity insolvent if:

- the sum of its debts, including contingent and unliquidated liabilities, was greater than the fair saleable value of all of its assets;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or

it could not pay its debts as they became due.

Table of Contents

If a court were to find that the issuance of the notes, the incurrence of a guarantee or the grant of security was a fraudulent transfer or conveyance, the court could void the payment obligations under the notes or such guarantee or void the grant of collateral or subordinate or limit the notes or such guarantee to presently existing and future indebtedness of ours or of the related guarantor, or require the holders of the notes to repay any amounts received with respect to such guarantee. In the event of a finding that a fraudulent transfer or conveyance occurred, you may not receive any repayment on the notes or guarantees. Further, the avoidance of the notes could result in an event of default with respect to our and our subsidiaries other debt that could result in acceleration of such debt.

Each guarantee will contain a provision intended to limit the guarantor s liability to the maximum amount that it could incur without causing the incurrence of obligations under its guarantee to be a fraudulent transfer. This provision may not be effective to protect the guarantees from being avoided under applicable fraudulent transfer laws or may reduce the guarantor s obligation to an amount that effectively makes the guarantee worthless.

Finally, as a court of equity, a bankruptcy court may subordinate the claims in respect of the notes to other claims against us under the principle of equitable subordination, if the court determines that: (i) the holder of notes engaged in some type of inequitable conduct, (ii) such inequitable conduct resulted in injury to our other creditors or conferred an unfair advantage upon the holder of notes and (iii) equitable subordination is not inconsistent with the provisions of the bankruptcy code.

A financial failure by us or our subsidiaries may result in the assets of any or all of those entities becoming subject to the claims of all creditors of those entities.

A financial failure by us or our subsidiaries could affect payment of the notes if a bankruptcy court were to substantively consolidate us and our subsidiaries. If a bankruptcy court substantively consolidated us and our subsidiaries, the assets of each entity would become subject to the claims of creditors of all entities. This would expose holders of notes not only to the usual impairments arising from bankruptcy, but also to potential dilution of the amount ultimately recoverable because of the larger creditor base. Furthermore, forced restructuring of the notes could occur through the cramdown provisions of the bankruptcy code. Under these provisions, the notes could be restructured over your objections as to their general terms, primarily interest rate and maturity.

We face risks related to rating agency downgrades.

The notes are rated by Moody s Investor Services and Standard & Poor s Rating Services. If such rating agencies reduce the rating in the future, the market price of the notes would be adversely affected. In addition, if any of our other outstanding debt is rated and subsequently downgraded, raising capital will become more difficult, borrowing costs under the revolving credit facility and other future borrowings may increase and the market price of the notes may decrease.

Many of the covenants contained in the indenture will be suspended if the notes are rated investment grade by both Standard & Poor s Ratings Services and Moody s Investors Service, Inc.

Many of the covenants in the indenture governing the notes will be suspended if the notes are rated investment grade by both Standard & Poor s Ratings Services and Moody s Investors Service, Inc., provided at such time our revolving credit facility is unsecured and no default under the indenture has occurred and is continuing. These covenants will restrict, among other things, our ability to pay dividends, to incur debt and to enter into certain other transactions. There can be no assurance that the notes will ever be rated investment grade, or that if they are rated investment grade, that the notes will maintain such ratings. However, suspension of these covenants would allow us to engage in certain transactions that would not be permitted while these covenants were in force. See Description of Notes Certain Covenants Covenant Suspension.

The Acquired Permian Properties may not achieve their intended results and may result in us assuming unanticipated liabilities.

We acquired the Acquired Permian Properties with the expectation that the acquisitions would result in various benefits, growth opportunities and synergies. However, achieving the anticipated benefits of the transactions is subject to a number of risks and uncertainties. For example, we have the opportunity to conduct customary environmental and title due diligence on certain of the Acquired Permian Properties through January 25, 2013. As a result, we may discover title defects or adverse environmental or other conditions of which we are currently unaware. Environmental, title and other problems could reduce the value of the properties to us, and, depending on the circumstances, we could have limited or no recourse to the seller with respect to those problems. We would assume substantially all of the liabilities associated with the acquired properties and would be entitled to indemnification in connection with those liabilities in only limited circumstances and in limited amounts. We cannot assure you that such potential remedies will be adequate for any liabilities we incur, and such liabilities could be significant.

The success of the acquisitions of the Acquired Permian Properties depends on, among other things, the accuracy of our assessment of the reserves and drilling locations associated with the acquired properties, future oil, NGL and natural gas prices and operating costs and various other factors. These assessments are necessarily inexact. As a result, we may not recover the purchase price for the acquisition from the sale of production from the property or recognize an acceptable return on our investment. In addition, the integration of operations resulting from these acquisitions will require the dedication of management and other personnel, which

may distract their attention from our day-to-day business and operations and prevent us from realizing benefits from other opportunities. Completing the integration process may be more expensive than anticipated, and we cannot assure you that we will be able to effect the integration of these operations smoothly or efficiently or that the anticipated benefits of the transaction will be achieved.

USE OF PROCEEDS

We will not receive any proceeds from the exchange offer. In consideration for issuing the new notes, we will receive outstanding notes from you in the same principal amount. The outstanding notes surrendered in exchange for the new notes will be retired and canceled and cannot be reissued. Accordingly, issuance of the new notes will not result in any change in our indebtedness.

Table of Contents

THE EXCHANGE OFFER

Purpose of the Exchange Offer

On April 25, 2012, we issued $250 million aggregate principal amount of the outstanding notes, and on December 10, 2012, we issued an additional $150 million aggregate principal amount of the outstanding notes. In connection with those issuances, we entered into registration rights agreements with substantially similar terms and conditions. Pursuant to the registration rights agreements, we agreed that we will, at our expense, for the benefit of the holders of the outstanding notes:

- by January 22, 2013 (the first business day 270 days after April 25, 2012), with respect to the outstanding notes issued April 25, 2012, and by March 1, 2013, with respect to the outstanding notes issued December 10, 2012, file a registration statement or statements (Exchange Offer Registration Statement) covering one or more offers to the holders of the outstanding notes to exchange the outstanding notes for the new notes; and

- use commercially reasonable efforts to consummate exchange offers for outstanding notes, regardless of issue date, on or prior to April 21, 2013 (the first business day 360 days after April 25, 2012).

Upon the effectiveness of the registration statement of which this prospectus is a part, we will offer the new notes in exchange for the outstanding notes. We filed a copy of each of the registration rights agreements as an exhibit incorporated by reference into the registration statement; this summary of the provisions of the registration rights agreements does not purport to be complete and is subject to, and qualified in its entirety by reference to, all provisions of the registration rights agreements.

Representations on Tendering Outstanding Notes

We are making the exchange offer in reliance on the position of the staff of the SEC as set forth in interpretive letters addressed to other parties in other transactions. For further information on the SEC s position, see *Exxon Capital Holdings Corporation*, available May 13, 1988, *Morgan Stanley & Co. Incorporated,* available June 5, 1991 and *Shearman & Sterling*, available July 2, 1993, and other interpretive letters to similar effect. We have not sought our own interpretive letter, however, and we cannot assure you that the staff would make a similar determination with respect to the exchange offer as it has in interpretive letters to other parties. Based on these interpretations by the staff, we believe that you may offer for resale, resell and otherwise transfer the new notes issued pursuant to the exchange offer without compliance with the registration and prospectus delivery provisions of the Securities Act, if you:

- are not an affiliate of ours, as defined in Rule 405 of the Securities Act;

- are not participating in, and do not intend to participate in, a distribution of the new notes within the meaning of the Securities Act and have no arrangement or understanding with any person to participate in a distribution of the new notes within the meaning of the Securities Act;

- are acquiring the new notes in the ordinary course of your business; and

- are not acting on behalf of any person who could not truthfully and completely make the foregoing representations.

In addition, if you are a broker-dealer and receive new notes for your own account, you must acknowledge that you will deliver a prospectus if you resell the new notes. By acknowledging your intent and delivering a prospectus you will not be deemed to admit that you are an underwriter under the Securities Act. You may use this prospectus as it is amended from time to time when you resell new notes that were acquired from market-making or trading activities. We have agreed to use commercially reasonable efforts to make this prospectus available for a period commencing on the day the exchange offer is consummated and continuing for 90 days (or such shorter period during which such broker-dealers or such other persons are required by law to deliver the prospectus); provided, however, that if for any day during such period we restrict the use

of such prospectus, such period shall be extended on a day-by-day basis.

By tendering the outstanding notes in exchange for the new notes, you will be required to represent to us that each of the above statements applies to you. If you are unable to make these representations, you will be required to comply with the registration and prospectus delivery requirements under the Securities Act in connection with any resale transaction.

Table of Contents

The exchange offer is not being made to, nor will we accept tenders for exchange from, holders of the outstanding notes in any jurisdiction in which the exchange offer or the acceptance of it would not be in compliance with the securities or blue sky laws of such jurisdiction.

Terms of the Exchange Offer

Upon the terms and subject to the conditions set forth in this prospectus and the letter of transmittal, we will accept any and all outstanding notes (CUSIPs: 76116A AA6, J76174 AA6 and J76174 AB4) validly tendered and not validly withdrawn prior to the Expiration Date. For each $2,000, and $1,000 integral multiples in excess of $2,000, principal amount of outstanding notes properly tendered and not withdrawn before the expiration date of the exchange offer, we will issue $2,000, and $1,000 integral multiples in excess of $2,000, principal amount of new notes.

We will not pay any accrued and unpaid interest on the outstanding notes that we acquire in the exchange offer. Instead, interest on the new notes will accrue from the later of (i) the last interest payment date on which interest was paid on the outstanding note surrendered in exchange for the new note or (ii) if the outstanding note is surrendered for exchange on a date in a period that includes the record date for an interest payment date to occur on or after the date of such exchange and as to which interest will be paid, the date of such interest payment date.

Holders may tender some or all of their outstanding notes pursuant to the exchange offer in denominations of $2,000 and $1,000 integral multiples in excess of $2,000 thereof. The exchange offer is not conditioned upon any minimum aggregate principal amount of outstanding notes being tendered.

The terms of the new notes are identical in all material respects to the terms of the outstanding notes, except that:

(1) the new notes will have a different CUSIP number than the outstanding notes;

(2) we have registered the new notes under the Securities Act and therefore the new notes will not bear legends restricting their transfer; and

(3) specified rights under the registration rights agreement, including the provisions providing for payment of additional interest in specified circumstances relating to the exchange offer, will be eliminated for all the new notes.

The new notes will evidence the same debt as the outstanding notes. The new notes will be issued under the same indenture and will be entitled to the same benefits under that indenture as the outstanding notes being exchanged. As of the date of this prospectus, $400 million aggregate principal amount of the outstanding notes are outstanding. The outstanding notes accepted for exchange will be retired and cancelled and not reissued.

Except as described under Form, Book-Entry Procedures and Transfer, we will issue the new notes in the form of one or more global notes registered in the name of DTC or its nominee, and each beneficial owner s interest in it will be transferable in book-entry form through DTC.

We intend to conduct the exchange offer in accordance with the applicable requirements of the Securities Act and the Exchange Act, and the rules and regulations of the SEC thereunder. Holders of notes do not have appraisal or dissenters rights under state law or under the indenture in connection with the exchange offer.

We will be considered to have accepted validly tendered outstanding notes if and when we have given oral or written notice to that effect to the exchange agent. The exchange agent will act as agent for the tendering holders for the purposes of receiving the new notes from us.

Table of Contents

If we do not accept any tendered outstanding notes for exchange because of an invalid tender, the occurrence of the other events described in this prospectus or otherwise, we will return these outstanding notes, without expense, to the tendering holder as soon as practicable after the Expiration Date of the exchange offer.

Holders who tender the outstanding notes will not be required to pay brokerage commissions or fees or, subject to the instructions in the letter of transmittal, transfer taxes on exchange of the outstanding notes in connection with the exchange offer. We will pay all charges and expenses, other than certain applicable taxes in certain circumstances, in connection with the exchange offer. See Fees and Expenses and Transfer Taxes.

If we successfully complete the exchange offer, any outstanding notes which holders do not tender or which we do not accept in the exchange offer will remain outstanding and continue to accrue interest. The holders of the outstanding notes after the exchange offer in general will not have further rights under the registration rights agreement, including registration rights and any rights to additional interest. Holders wishing to transfer the outstanding notes would have to rely on exemptions from the registration requirements of the Securities Act.

Expiration Date

The exchange offer will expire at 11:59 p.m. New York City time on , 2013, unless, in our sole discretion, we extend the expiration date. If we so extend the expiration date, the term expiration date shall mean the latest date and time to which we extend the exchange offer.

Extensions, Delays in Acceptance, Termination or Amendment

We reserve the right, in our sole discretion to:

delay accepting for exchange any outstanding notes;

extend the exchange offer;

terminate the exchange offer; or

amend the terms of the exchange offer in any way we determine.

We will give oral or written notice of any delay, extension or termination to the exchange agent. In addition, we will give, as promptly as practicable, oral or written notice regarding any delay in acceptance, extension or termination of the offer to the registered holders of outstanding notes. If we amend the exchange offer in a manner that we determine to constitute a material change, or if we waive a material condition, we will promptly disclose the amendment or waiver in a manner reasonably calculated to inform the holders of outstanding notes of the amendment or waiver, and extend the offer if required by law.

We intend to make a public announcement of any delay in acceptance, extension, termination, amendment or waiver regarding the exchange offer by 9 a.m., Denver time, on the next business day after the previously scheduled expiration date. We have no other obligation to publish, advertise or otherwise communicate any information about any extension, amendment or termination.

Conditions to the Exchange Offer

Notwithstanding any other term of the exchange offer, outstanding notes will not be required to be accepted for exchange, nor will new notes be issued in exchange for any outstanding notes, and we may terminate or amend the exchange offer as provided herein before the acceptance of such outstanding notes, if, because of any change in law, or applicable interpretations thereof by the Commission, we determine that we are not permitted to effect the exchange offer. We have no obligation to, and will not knowingly, permit acceptance of tenders of outstanding notes from our affiliates or from any other holder or holders who are not eligible to participate in the exchange offer under applicable law or interpretations thereof by the Staff of the Commission, or if the new notes to be received by such holder or holders of outstanding notes in the exchange offer, upon receipt, will not be tradable by such holder without restriction under the Securities Act and the Exchange Act and without material restrictions under the blue sky or securities laws of substantially all of the states of the United States.

Table of Contents

Procedures for Tendering

We have forwarded to you, along with this prospectus, a letter of transmittal relating to this exchange offer. Because all of the outstanding notes are held in book-entry accounts maintained by the exchange agent at DTC, the Euroclear System or Clearstream, Luxembourg, a holder need not submit a letter of transmittal. However, all holders who exchange their outstanding notes for new notes in accordance with the procedures outlined below will be deemed to have acknowledged receipt of, and agreed to be bound by, and to have made all of the representations and warranties contained in the letter of transmittal.

To tender in the exchange offer, a holder must comply with the following procedures, as applicable:

Holders of outstanding notes through DTC: If you wish to exchange your outstanding notes and either you or your registered holder hold your outstanding notes in book-entry form directly through DTC, you must submit an instruction and follow the procedures for book-entry transfer as provided under Book-Entry Transfer.

Holders of outstanding notes through Euroclear or Clearstream, Luxembourg: If you wish to exchange your outstanding notes and either you or your registered holder hold your outstanding notes in book-entry form directly through Euroclear or Clearstream, Luxembourg, you should be aware that pursuant to their internal guidelines, Euroclear and Clearstream, Luxembourg will automatically exchange your outstanding notes for new notes. If you do not wish to participate in the exchange offer, you must instruct Euroclear or Clearstream, Luxembourg, as the case may be, to Take No Action ; otherwise your outstanding notes will automatically be tendered in the exchange offer, and you will be deemed to have agreed to be bound by the terms of the letter of transmittal.

Only a registered holder of record of outstanding notes may tender outstanding notes in the exchange offer. If you are a beneficial owner of outstanding notes which are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, and you wish to tender outstanding notes in the exchange offer, you should contact the registered holder promptly and instruct the registered holder to tender on your behalf. If you wish to tender on your own behalf, you must, prior to completing and executing the letter of transmittal and delivering your outstanding notes, either make appropriate arrangements to register ownership of the outstanding notes in your name or obtain a properly completed bond power from the registered holder. The transfer of registered ownership may take considerable time and may not be able to be completed prior to the expiration date.

The tender by a holder that is not withdrawn before expiration of the exchange offer will constitute an agreement between that holder and us in accordance with the terms and subject to the conditions set forth in this prospectus and in the letter of transmittal. If a holder tenders less than all of the outstanding notes held by the holder, the tendering holder should so indicate. The amount of outstanding notes delivered to the exchange agent will be deemed to have been tendered unless otherwise indicated.

The method of delivery of outstanding notes, the letter of transmittal and all other required documents or transmission of an agent s message, as described under Book-Entry Transfer, to the exchange agent is at the election and risk of the holder. Rather than mail these items, we recommend that holders use an overnight or hand delivery service. In all cases, holders should allow sufficient time to assure delivery to the exchange agent before expiration of the exchange offer. Holders should not send the letter of transmittal or outstanding notes to us. Delivery of documents to DTC, Euroclear or Clearstream, Luxembourg in accordance with their respective procedures will not constitute delivery to the exchange agent.

The transfer of registered ownership may take considerable time and may not be completed prior to the expiration date. If the applicable letter of transmittal is signed by the record holder(s) of the outstanding notes tendered, the signature must correspond with the name(s) written on the face of the outstanding note without alteration, enlargement or any change whatsoever. If a letter of transmittal is signed by a participant in DTC or Euroclear or Clearstream, Luxembourg, as applicable, the signature must correspond with the name as it appears on the security position listing as the holder of the outstanding notes.

Table of Contents

A signature on a letter of transmittal or a notice of withdrawal must be guaranteed by a member firm of a registered national securities exchange or of the Financial Industry Regulatory Authority, a commercial bank or trust company having an office or correspondent in the United States or an eligible guarantor institution within the meaning of Rule 17Ad-15 under the Exchange Act, unless the outstanding notes tendered pursuant thereto are tendered:

- by a registered holder who has not completed the box entitled Special Registration Instructions or Special Delivery Instructions on the letter of transmittal; or
- for the account of an eligible institution.

If a letter of transmittal is signed by a person other than the registered holder of any outstanding notes, the outstanding notes must be endorsed or accompanied by a properly completed bond power. The bond power must be signed by the registered holder as the registered holder s name appears on the outstanding notes and an eligible institution must guarantee the signature on the bond power.

If a letter of transmittal or any outstanding notes or bond powers are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, these persons should so indicate when signing. Unless we waive this requirement, they should also submit evidence satisfactory to us of their authority to deliver the letter of transmittal.

We will determine in our sole discretion all questions as to the validity, form, eligibility, including time of receipt, acceptance and withdrawal of tendered outstanding notes. Our determination will be final and binding. We reserve the absolute right to reject any outstanding notes not properly tendered or any outstanding notes the acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the right to waive any defects, irregularities or conditions of tender as to particular outstanding notes. Our interpretation of the terms and conditions of the exchange offer, including the instructions in the letter of transmittal, will be final and binding on all parties.

Unless waived, any defects or irregularities in connection with tenders of outstanding notes must be cured within the time that we determine. Although we intend to notify holders of defects or irregularities with respect to tenders of outstanding notes, neither we, the exchange agent nor any other person will incur any liability for failure to give notification. Tenders of outstanding notes will not be deemed made until those defects or irregularities have been cured or waived.

Outstanding notes received by the exchange agent that are not properly tendered and as to which the defects or irregularities have not been cured or waived will be returned by the exchange agent without cost to the tendering holder, unless otherwise provided in the letter of transmittal, as soon as practicable following the expiration date.

In addition, we reserve the right in our sole discretion to (a) purchase or make offers for any outstanding notes that remain outstanding subsequent to the expiration date, and (b) to the extent permitted by applicable law, purchase outstanding notes in the open market, in privately negotiated transactions or otherwise. The terms of any such purchases or offers may differ from the terms of the exchange offer.

Book-Entry Transfer

We understand that the exchange agent will make a request promptly after the date of this prospectus to establish accounts with respect to the outstanding notes at DTC for the purpose of facilitating the exchange offer. Any financial institution that is a participant in DTC s system may make book-entry delivery of outstanding notes by causing DTC to transfer such outstanding notes into the exchange agent s DTC account in accordance with DTC s electronic Automated Tender Offer Program procedures for such transfer. The exchange of new notes for tendered outstanding notes will only be made after timely:

- confirmation of book-entry transfer of the outstanding notes into the exchange agent s account; and
- receipt by the exchange agent of an agent s message and all other required documents specified in the letter of transmittal.

The confirmation, agent s message and any other required documents must be received at the exchange agent s address listed below under Exchange Agent on or before 11:59 p.m., New York City time, on the expiration date of the exchange offer.

Table of Contents

As indicated above, delivery of documents to DTC in accordance with its procedures does not constitute delivery to the exchange agent.

The term agent s message means a message, transmitted by DTC and received by the exchange agent and forming part of the confirmation of a book-entry transfer, which states that DTC has received an express acknowledgment from a participant in DTC tendering outstanding notes stating:

the aggregate principal amount of outstanding notes which have been tendered by the participant;

that such participant has received an appropriate letter of transmittal and agrees to be bound by the terms of the letter of transmittal and the terms of the exchange offer; and

that we may enforce such agreement against the participant.

Delivery of an agent s message will also constitute an acknowledgment from the tendering DTC participant that the representations contained in the letter of transmittal and described below under Representations on Tendering Outstanding Notes are true and correct.

Guaranteed Delivery

If you wish to tender your outstanding notes and time will not permit you to make proper ATOP delivery prior to the expiration date of the exchange offer, or your letter of transmittal and all other required documents will not reach the exchange agent prior to the expiration date of the exchange offer, you may nevertheless tender if an eligible institution indicates in the ATOP system that you would like to use guaranteed delivery, and the exchange agent accepts the guaranteed delivery. You may then deliver your outstanding notes within three New York Stock Exchange trading days after the expiration date of the exchange officer. You may not tender by guaranteed delivery by using a letter of transmittal.

Withdrawal of Tenders

Your tender of outstanding notes pursuant to the exchange offer is irrevocable except as otherwise provided in this section. You may withdraw tenders of outstanding notes at any time prior to 11:59 p.m., New York City time, on the expiration date.

For a withdrawal to be effective for DTC participants, holders must comply with their respective standard operating procedures for electronic tenders and the exchange agent must receive an electronic notice of withdrawal from DTC.

Any notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawn outstanding notes and otherwise comply with the procedures of DTC. We will determine in our sole discretion all questions as to the validity, form and eligibility, including time of receipt, for such withdrawal notices, and our determination shall be final and binding on all parties. Any outstanding notes so withdrawn will be deemed not to have been validly tendered for purposes of the exchange offer and no new notes will be issued with respect to them unless the outstanding notes so withdrawn are validly re-tendered. Any outstanding notes which have been tendered but which are withdrawn or not accepted for exchange will be returned to the holder without cost to such holder promptly after withdrawal, rejection of tender or termination of the exchange offer. Properly withdrawn outstanding notes may be re-tendered by following the procedures described above under Procedures For Tendering at any time prior to the expiration date.

Exchange Agent

U.S. Bank National Association has been appointed as the exchange agent for the exchange offer. U.S. Bank National Association also acts as trustee under the indenture governing the notes. You should direct all executed letters of transmittal and all questions and requests for assistance, requests for additional copies of this prospectus or of the letters of transmittal, and requests for notices of guaranteed delivery to the exchange agent addressed as follows:

Table of Contents

U.S. Bank National Association

60 Livingston Avenue

EP-MN-WS2N

St. Paul, MN 55107

Attn: Specialized Finance

Fax: 651-495-8158

Phone: 800-934-6802

If you deliver the letter of transmittal to an address other than the one set forth above or transmit instructions via facsimile other than the one set forth above, that delivery or those instructions will not be effective.

Fees and Expenses

We will bear the expenses of soliciting tenders with respect to the exchange offer. The principal solicitation is being made by mail; however, we may make additional solicitation by telephone or in person by our officers and regular employees and those of our affiliates.

We have not retained any dealer manager in connection with the exchange offer and will not make any payments to broker-dealers or others soliciting acceptances of the exchange offer. We will, however, pay the exchange agent reasonable and customary fees for its services and reimburse it for its related reasonable out of pocket expenses.

We will pay the cash expenses to be incurred in connection with the exchange offer. They include:

- SEC registration fees;
- fees and expenses of the exchange agent and trustee;
- accounting and legal fees and printing costs; and
- related fees and expenses.

Transfer Taxes

Holders who tender their outstanding notes for exchange will not be obligated to pay any transfer taxes. If, however, a transfer tax is imposed for any reason other than the exchange of outstanding notes in connection with the exchange offer, then the tendering holder must pay the amount of any transfer taxes due, whether imposed on the registered holder or any other persons. If the tendering holder does not submit satisfactory evidence of payment of these taxes or exemption from them with the letter of transmittal, the amount of these transfer taxes will be billed directly to the tendering holder.

Accounting Treatment

We will record the new notes in our accounting records at the same carrying value as the outstanding notes. This carrying value is the aggregate principal amount of the outstanding notes less any bond discount or plus any bond premium, as reflected in our accounting records on the date of exchange. Accordingly, we will not recognize any gain or loss for accounting purposes in connection with the exchange offer.

Consequences of Failure to Properly Tender Outstanding Notes in the Exchange

We will issue the new notes in exchange for outstanding notes under the exchange offer only after timely confirmation of book-entry transfer of the outstanding notes into the exchange agent s account and timely receipt by the exchange agent of an agent s message and all other requirements specified in the letter of transmittal. Therefore, holders of the outstanding notes desiring to tender outstanding notes in exchange for new notes should allow sufficient time to ensure timely delivery. We are under no duty to give notification of defects or irregularities of tenders of outstanding notes for exchange or waive any such defects or irregularities. Outstanding notes that are not tendered or that are tendered but not accepted by us will, following completion of the exchange offer, continue to be subject to the existing restrictions upon transfer under the Securities Act.

Table of Contents

Participation in the exchange offer is voluntary. In the event the exchange offer is completed, we will generally not be required to register the remaining outstanding notes. Remaining outstanding notes will continue to be subject to the following restrictions on transfer:

- holders may resell outstanding notes only if an exemption from registration is available or, outside the United States, to non-U.S. persons in accordance with the requirements of Regulation S under the Securities Act; and

- the remaining outstanding notes will bear a legend restricting transfer in the absence of registration or an exemption.

To the extent that outstanding notes are tendered and accepted in connection with the exchange offer, any trading market for remaining outstanding notes could be adversely affected.

Neither we nor our board of directors make any recommendation to holders of outstanding notes as to whether to tender or refrain from tendering all or any portion of their outstanding notes pursuant to the exchange offer. Moreover, no one has been authorized to make any such recommendation. Holders of outstanding notes must make their own decision whether to tender pursuant to the exchange offer and, if so, the aggregate amount of outstanding notes to tender, after reading this prospectus and the letter of transmittal and consulting with their advisors, if any, based on their own financial position and requirements.

Table of Contents

RATIO OF EARNINGS TO FIXED CHARGES [a]

The table below reflects the ratio of earnings to fixed charges for Resolute and Predecessor Resolute (defined below) for the periods presented.

We have computed the ratio of earnings to fixed charges by dividing earnings by fixed charges. For this purpose, earnings consist of the sum of income from continuing operations before income taxes and fixed charges (exclusive of interest capitalized). Fixed charges consist of interest expensed and capitalized and an estimate of the interest within rental expense.

	Nine Months Ended	Year Ended December 31,				February 26, 2007 (inception) to
	September 30, 2012	2011	2010	2009	2008	December 31, 2007
Resolute	1.8	7.4	2.1	(b)	152.0	412.8

	The 267 Day Period Ended	Year Ended December 31,	
	September 24, 2009	2008	2007
Predecessor Resolute	(c)	(c)	(c)

a) We have computed the ratio of earnings to fixed charges by dividing earnings by fixed charges. For this purpose, earnings consist of the sum of income from continuing operations before income taxes and fixed charges (exclusive of interest capitalized). Fixed charges consist of interest expensed and capitalized and an estimate of the interest within rental expense.

b) Ratio was less than 1.0; the coverage deficiency was $65.1 million.

c) Ratio was less than 1.0; the coverage deficiency was $46.6 million for the 267 day period ended September 24, 2009, and $108.7 million and $102.7 million for the fiscal years ended December 31, 2008 and 2007 respectively.

On September 25, 2009, Hicks Acquisition Company I, Inc., referred to herein as HACI , consummated a business combination under the terms of a Purchase and IPO Reorganization Agreement with us and Resolute Holdings Sub, LLC, whereby, through a series of transactions, HACI s stockholders collectively acquired a majority of our outstanding shares of common stock. Immediately prior to the consummation of such merger transaction, we owned, directly or indirectly, 100% of the equity interests of Resolute Natural Resources Company, LLC, WYNR, LLC, BWNR, LLC, RNRC Holdings, Inc., and Resolute Wyoming, Inc. (formerly known as Primary Natural Resources, Inc.), and owned a 99.996% equity interest in Resolute Aneth, LLC. We collectively refer to Resolute and each of the subsidiaries set forth above as Predecessor Resolute. The entities composing Predecessor Resolute prior to the merger transaction with HACI were wholly owned by Resolute Holdings Sub, LLC (except for Resolute Aneth, LLC, which was owned 99.996% by Resolute Holdings Sub, LLC), which in turn is a wholly owned subsidiary of Resolute Holdings, LLC. Effective December 31, 2010, Resolute Aneth, LLC became our wholly-owned subsidiary.

Table of Contents

DESCRIPTION OF OTHER INDEBTEDNESS

Our revolving credit facility is with a syndicate of banks led by Wells Fargo Bank, National Association with Resolute Energy Corporation as the borrower. On March 30, 2010, we entered into an amended and restated revolving credit facility agreement, and since then have entered into five amendments to the revolving credit facility. As of December 31, 2012, outstanding borrowings under our revolving credit facility were approximately $162 million. The revolving credit facility has a maturity date of April 2017 and an aggregate maximum credit amount of $1 billion.

The revolving credit facility is guaranteed by all of our subsidiaries and is secured by substantially all of the proved oil and gas assets of Resolute Aneth, LLC and Resolute Wyoming, Inc., which are wholly-owned subsidiaries of Resolute Energy Corporation.

The revolving credit facility specifies a maximum borrowing base as determined by the lenders, which is currently $330 million. The determination of the borrowing base takes into consideration the estimated value of our oil and gas properties in accordance with the lenders customary practices for oil and gas loans. The borrowing base availability has been reduced by $3.1 million in conjunction with letters of credit issued to vendors at December 31, 2012 and by other limitations based upon a multiple of trailing earnings as defined in the credit facility. The borrowing base is redetermined semi-annually, and the amount available for borrowing could be increased or decreased as a result of such redeterminations. Under certain circumstances, either we or the lenders may request an interim redetermination. 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 annual interest rate on each base rate borrowing is (a) the greatest of (i) the prime rate as established by the administrative agent, (ii) the federal funds effective rate plus 0.50%, and (iii) an adjusted LIBOR for a one month interest period plus 1%, plus (b) a margin between 0.50% to 1.50% depending on the then-current level of borrowing base usage. The interest on each Eurodollar loan is (a) the adjusted LIBOR rate, plus (b) a margin between 1.50% to 2.50%. As of December 31, 2011 and 2010, the weighted average interest rate on the outstanding balance under the revolving credit facility was 2.60% and 3.15%, respectively and was 2.99% as of December 31, 2012. The recorded value of the revolving credit facility approximates its fair market value.

The revolving credit facility contains various affirmative and negative covenants including but not limited to financial covenants that require us to maintain (i) a consolidated current ratio of at least 1.0 to 1.0 at the end of any fiscal quarter, and (ii) a maximum leverage ratio (consolidated indebtedness to consolidated EBITDA as defined in the credit agreement) not exceeding 4.0 to 1.0 at the end of each fiscal quarter. Additional covenants limit our ability and that of certain of our subsidiaries to grant certain liens; make certain loans and investments; make distributions; merge or consolidate with or into a third party; or engage in certain asset dispositions, including a sale of all or substantially all of our assets. Additionally, the revolving credit facility limits our ability and that of certain of our subsidiaries to incur additional indebtedness. This limitation is subject to certain exceptions, including an exception that allows for indebtedness under the notes. We were in compliance with all applicable covenants of the revolving credit facility at December 31, 2012.

In connection with the first of the Acquired Permian Properties acquisitions and the December 10, 2012 notes offering, we amended our revolving credit facility to provide that the issuance of outstanding notes on December 10, 2012 would not automatically decrease the borrowing base, which will remain at $330 million. Also in connection with the second of the Acquired Permian Properties acquisitions, we further amended our revolving credit facility to increase the maximum leverage ratio to 4.25:1.00 for the fiscal quarter ended December 31, 2012 and provide that such covenant will be measured only as of the last day of each fiscal quarter. The borrowing base was not redetermined at the time of the acquisitions of the Acquired Permian Properties to take into account the Acquired Permian Properties; however, such properties may be evaluated in connection with the borrowing base redetermination scheduled for spring 2013.

Table of Contents

DESCRIPTION OF THE NEW NOTES

On April 25, 2012 and December 10, 2012, as applicable, the outstanding notes were issued under an indenture (the Indenture) among us, the Guarantors and U.S. Bank National Association, as trustee (the Trustee), in private transactions not subject to the registration requirements of the Securities Act. The Indenture is subject to and governed by the provisions of the Trust Indenture Act of 1939, as amended (the Trust Indenture Act).

The $150 million aggregate principal amount of notes issued on December 10, 2012 (the December notes) have the same terms as, and are treated as a single series with the $250 million aggregate principal amount of notes issued on April 25, 2012 (the April notes). Unless otherwise noted, the December notes, together with the April notes, shall be referred to in this Description of the New Notes as the outstanding notes.

We have appointed U.S. Bank National Association, a national banking association organized under the laws of the United States, to serve as Trustee under the Indenture. The Trustee has not evaluated the risks, benefits, or propriety of any investment in the new notes and makes no representation, and has reached no conclusions, regarding the value or condition of the new notes.

Any December notes issued as Regulation S notes were initially issued under a CUSIP number different from the CUSIP number applicable to April notes that were Regulation S notes. Upon the completion of the restricted period applicable to the December notes, we expect that holders that exchange such Regulation S notes in accordance with the terms of the Indenture will receive Regulation S notes having the same CUSIP number as the April notes issued as Regulation S notes. All Regulation S notes may be exchanged hereunder for new notes that will not bear any restrictive legend.

The following description is a summary of the material provisions of the notes and the Indenture. It does not restate it in its entirety. We urge you to read the Indenture because it, and not this description, will define your rights as holders of the new notes.

Certain defined terms used in this description but not defined below under Certain Definitions have the meanings assigned to them in the Indenture. In this description, the word Company refers only to Resolute Energy Corporation and not to any of its subsidiaries, and unless the context requires otherwise, references to the notes shall mean the new notes together with the outstanding notes.

Brief Description of the Notes and the Guarantees

The New Notes

The new notes:

- will be general unsecured senior obligations of the Company;
- will rank equally in right of payment with all existing and future senior indebtedness of the Company, including the outstanding notes;
- will be effectively subordinated in right of payment to all existing and future senior secured Indebtedness incurred from time to time by the Company (including Indebtedness under the Senior Credit Agreement) to the extent of the value of the assets securing such Indebtedness;
- will rank senior in right of payment to any future subordinated Indebtedness of the Company; and
- will be fully and unconditionally guaranteed by the Guarantors on a senior basis.

The Guarantees

Each guarantee of the new notes:

- will be a general unsecured senior obligation of the Guarantor;
- will rank equally in right of payment with all existing and future senior indebtedness of the Guarantor, including the outstanding notes;
- will be effectively subordinated in right of payment to all existing and future senior secured Indebtedness incurred from time to time by that Guarantor, including guarantees of Indebtedness under the Senior Credit Agreement, to the extent of the value of the assets securing such Indebtedness; and
- will rank senior in right of payment to any future subordinated Indebtedness of the Guarantor.

As of December 31, 2012, the Company had approximately $162 million in outstanding borrowings under its revolving credit facility. The assets of any Subsidiary of the Company that in the future does not guarantee the notes will be subject to the prior claims of all creditors of that Subsidiary, including trade creditors. In the event of a bankruptcy, administrative receivership, composition, insolvency, liquidation or reorganization of any of the non-guarantor Subsidiaries, such Subsidiaries will pay the holders of their liabilities, including trade payables, before they will be able to distribute any of their assets to the Company or a Guarantor. The Indenture permits the Company and the Guarantors to incur additional secured Indebtedness.

Table of Contents

Principal, Maturity and Interest

The notes will mature on May 1, 2020, will be limited in initial aggregate principal amount to $400 million and will be unsecured senior obligations of the Company. The Indenture provides for the issuance of an unlimited amount of additional notes (the Additional Notes) having identical terms and conditions to the notes offered hereby (in all respects, other than issue price, at the option of the Company as to the payment of interest accruing prior to the issue date of such Additional Notes or except for the first payment of interest following the issue date of such Additional Notes), subject to compliance with the covenants contained in the Indenture. Such Additional Notes shall be consolidated and form a single series, and have the same terms as to status, redemption or otherwise as the notes, and will be treated as a single class of securities for purposes of, without limitation, waivers, amendments and offers to purchase. For purposes of this Description of the New Notes, reference to the notes includes Additional Notes and new notes unless otherwise indicated. There can be no assurance as to when or whether the Company will issue any such Additional Notes or as to the aggregate principal amount of such Additional Notes. Additionally, any Additional Notes may not be fungible with the notes for U.S. income tax purposes.

Interest on the notes will accrue at the rate of 8.50% per annum and will be payable semiannually in cash on each May 1 and November 1, commencing November 1, 2012 with respect to outstanding notes issued April 25, 2012 and commencing May 1, 2013 with respect to notes issued December 10, 2012, to the holders of record on the immediately preceding April 15 and October 15, as the case may be. Interest on the new notes will accrue from November 1, 2012, the most recent date to which interest has been paid. Interest will be computed on the basis of a 360-day year comprising twelve 30-day months.

The principal of and premium, if any, and interest on the notes will be payable and the notes will be exchangeable and transferable, at the office or agency of the Company in Denver, Colorado maintained for such purposes (which initially will be the office of the Trustee located at U.S. Bank National Association; Corporate Trust-DN-CO-T12C; 950 17th Street 12th Floor; Denver, CO 80202) or, at the option of the Company, payment of interest may be paid by check mailed to the address of the person entitled thereto as such address appears in the security register. The notes will be issued only in registered form without coupons and only in denominations of $2,000 or whole multiples of $1,000 in excess thereof. No service charge will be made for any registration of transfer or exchange or redemption of notes, but the Company may require payment in certain circumstances of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith.

The notes will not be entitled to the benefit of any sinking fund.

Guarantees

Initially, each of the Company s existing direct and indirect Restricted Subsidiaries will be a Guarantor. The payment of the principal of, premium, if any, and interest on the notes, when and as the same become due and payable, will be guaranteed, jointly and severally, on a senior unsecured basis (the Guarantees) by the Guarantors. In addition, if (a) any Person becomes a direct or indirect domestic Restricted Subsidiary (other than an Immaterial Subsidiary), (b) any Unrestricted Subsidiary is redesignated as a Restricted Subsidiary, or (c) any other Restricted Subsidiary (including any Foreign Subsidiaries) of the Company becomes a guarantor or obligor in respect of any Indebtedness (other than a De Minimis Guaranteed Amount) of the Company or any of the direct or indirect domestic Restricted Subsidiaries, the Company shall cause each such Restricted Subsidiary to enter into a supplemental indenture pursuant to which such Restricted Subsidiary shall agree to guarantee the Company s obligations under the notes jointly and severally with any other Guarantors, fully and unconditionally, on a senior unsecured basis. See Certain Covenants Issuances of Guarantees by Restricted Subsidiaries. As of the date of this prospectus, the Company has no Foreign Subsidiaries and no Immaterial Subsidiaries.

The obligations of each Guarantor under its Guarantee are limited to the maximum amount which, after giving effect to all other contingent and fixed liabilities of such Guarantor, and after giving effect to any collections from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under its Guarantee or pursuant to its contribution obligations under the Indenture, will result in the obligations of such Guarantor under its Guarantee not constituting a fraudulent conveyance or fraudulent transfer under Federal or

Table of Contents

state law. See Risk Factors Risks Related to Our Indebtedness U.S. federal and state fraudulent transfer laws may permit a court to void, subordinate or limit the notes, and the guarantees, and, if that occurs, you may not receive any payments on the notes or may be required to return payments received on the notes. Each Guarantor that makes a payment or distribution under its Guarantee will be entitled to a contribution from any other Guarantor in a pro rata amount based on the net assets of each Guarantor determined in accordance with GAAP.

The Guarantee of a Guarantor will be released automatically:

(1) in connection with any sale or other disposition of all or substantially all of the assets of that Guarantor (including by way of merger or consolidation) to one or more Persons that are not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, if the sale or other disposition of all or substantially all of the assets of that Guarantor complies at the time thereof with the covenants described below under Certain Covenants Asset Sales and Certain Covenants Transactions with Affiliates ;

(2) in connection with any sale of all of the Capital Stock of a Guarantor to one or more Persons that are not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, if the sale of all such Capital Stock of that Guarantor complies at the time thereof with the covenants described below under Certain Covenants Asset Sales and Certain Covenants Transactions with Affiliates ;

(3) if the Company properly designates any Restricted Subsidiary that is a Guarantor as an Unrestricted Subsidiary pursuant to the covenant described under Certain Covenants Unrestricted Subsidiaries ;

(4) if a Guarantor under any Credit Facility is released from its guarantee issued pursuant to the terms of any Credit Facility of the Company or any direct or indirect Restricted Subsidiary, and such Guarantor is not an obligor under any Indebtedness other than the notes (other than a De Minimis Guaranteed Amount); or

(5) if the notes are discharged in accordance with the procedures described below under Defeasance or Covenant Defeasance of Indenture or Satisfaction and Discharge ;

provided that any such release and discharge pursuant to clauses (1), (2), (3), (4) and (5) above shall occur only to the extent that all obligations of such Guarantor under all of its guarantees of, and under all of its pledges of assets or other security interests which secure any, Indebtedness of the Company shall also terminate at such time.

Optional Redemption

On or after May 1, 2016, the Company may redeem all or a portion of the notes, on not less than 30 nor more than 60 days prior notice, in amounts of $2,000 or whole multiples of $1,000 in excess thereof at the following redemption prices (expressed as percentages of the principal amount), plus accrued and unpaid interest, if any, thereon, to the applicable redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date), if redeemed during the twelve-month period beginning on May 1 of the years indicated below:

Year	Optional Redemption Price
2016	104.250%
2017	102.125%
2018 and thereafter	100.000%

In addition, at any time and from time to time prior to May 1, 2015, the Company may use (i) the net proceeds of one or more Equity Offerings and (ii) the Net Cash Warrant Exercise Proceeds to redeem up to an aggregate of 35% of the aggregate principal amount of notes issued under

the Indenture (including the principal amount of any Additional Notes issued under the Indenture) at a redemption price equal to 108.50% of the aggregate

Table of Contents

principal amount of the notes redeemed, plus accrued and unpaid interest, if any, to the redemption date (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date). At least 65% of the aggregate principal amount of notes (including the principal amount of any Additional Notes issued under the Indenture) must remain outstanding immediately after the occurrence of such redemption. In order to effect this redemption, the Company must complete such redemption no later than 180 days after the closing of the related Equity Offering. Notice of any redemption pursuant to this paragraph may be given prior to the completion of the applicable Equity Offering, and any such redemption or notice may at the Company s discretion be subject to one or more conditions precedent, including but not limited to completion of such Equity Offering. If any such conditions do not occur, the Company will provide prompt written notice to the Trustee rescinding such redemption, and such redemption and notice of redemption shall be rescinded and of no force or effect. Upon receipt of such notice, the Trustee will promptly send a copy of such notice to the holders of the notes to be redeemed in the same manner in which the notice of redemption was given.

The notes may also be redeemed, in whole or in part, at any time or from time to time prior to May 1, 2016 at the option of the Company at a redemption price equal to 100% of the principal amount of the notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest and additional interest, if any, to, the applicable redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date). If less than all of the notes are to be redeemed, the Trustee shall select the notes to be redeemed in compliance with the requirements of the principal national security exchange, if any, on which the notes are listed, or if the notes are not listed, on a pro rata basis, by lot or by any other method the Trustee shall deem fair and reasonable (except that any notes represented by a note in global form will be selected by such method as the Depository Trust Company (DTC) or its nominee or successor may require or, where such nominee or successor is the trustee, a method that most nearly approximates *pro rata* selection as the trustee deems fair and appropriate). Notes redeemed in part must be redeemed only in amounts of $2,000 or whole multiples of $1,000 in excess thereof (subject to the procedures of DTC or any other depositary). Redemption pursuant to the provisions relating to an Equity Offering must be made on a *pro rata* basis or on as nearly a *pro rata* basis as practicable (except that any notes represented by a note in global form will be selected by such method as DTC or its nominee or successor may require or, where such nominee or successor is the trustee, a method that most nearly approximates *pro rata* selection as the trustee deems fair and appropriate).

Mandatory Redemption

The Company is not required to make mandatory redemption or sinking fund payments with respect to the notes.

Change of Control

Unless the Company has previously or concurrently mailed a redemption notice with respect to all outstanding notes as described under Optional Redemption, if a Change of Control occurs, each holder of notes will have the right to require that the Company purchase all or any part (in amounts of $2,000 or whole multiples of $1,000 in excess thereof) of such holder s notes pursuant to the offer described below (the Change of Control Offer). In the Change of Control Offer, the Company will offer to purchase all of the notes, at a purchase price (the Change of Control Purchase Price) in cash in an amount equal to 101% of the principal amount of such notes, plus accrued and unpaid interest, if any, to the date of purchase (the Change of Control Purchase Date) (subject to the rights of holders of record on relevant record dates to receive interest due on an interest payment date).

Within 30 days after any Change of Control or, at the Company s option, prior to such Change of Control but after it is publicly announced, the Company must notify the Trustee and give written notice of the Change of Control to each holder of notes, by first-class mail, postage prepaid, at his address appearing in the security register. The notice must state, among other things,

- that a Change of Control has occurred or will occur and the date of such event;
- the circumstances and relevant facts regarding such Change of Control;
- the Change of Control Purchase Price and the Change of Control Purchase Date, which shall be fixed by the Company on a business day no earlier than 30 days nor later than 60 days from the date the notice is mailed, or such later date as is necessary to comply with requirements under the Exchange Act; *provided* that the Change of Control Purchase Date may not occur prior to the Change of Control;

27

Table of Contents

that any note not tendered will continue to accrue interest;

that, unless the Company defaults in the payment of the Change of Control Purchase Price, any notes accepted for payment pursuant to the Change of Control Offer shall cease to accrue interest after the Change of Control Purchase Date; and

other procedures that a holder of notes must follow to accept a Change of Control Offer or to withdraw acceptance of the Change of Control Offer.

Any Change of Control Offer that is made prior to the occurrence of a Change of Control may at the Company s discretion be subject to one or more conditions precedent, including but not limited to the occurrence of a Change of Control.

If a Change of Control Offer is made, the Company may not have available funds sufficient to pay the Change of Control Purchase Price for all of the notes that might be delivered by holders of the notes seeking to accept the Change of Control Offer. The failure of the Company to make or consummate the Change of Control Offer or pay the Change of Control Purchase Price when due will give the Trustee and the holders of the notes the rights described under Events of Default.

The Senior Credit Agreement provides that certain change-of-control events with respect to the Company would constitute a default thereunder, which would obligate the Company to repay amounts outstanding under such indebtedness upon an acceleration of the Indebtedness issued thereunder. A default under the Senior Credit Agreement would result in a default under the Indenture if the lenders accelerate the debt under the Senior Credit Agreement. Any future credit agreements or agreements relating to other indebtedness to which the Company becomes a party may contain similar restrictions and provisions. In the event a Change of Control occurs at a time when the Company is prohibited from purchasing notes, the Company could seek the consent of the lenders under those agreements to the purchase of the notes or could attempt to refinance the borrowings that contain such prohibition. If the Company does not obtain such a consent or repay such borrowings, the Company will remain prohibited from purchasing notes. In such case, the Company s failure to purchase tendered notes would result in an Event of Default under the Indenture. In addition, if the lenders under the Senior Credit Agreement accelerate Indebtedness under the Senior Credit Agreement in an aggregate principal amount in excess of $25.0 million, that would constitute an Event of Default under the Indenture. See Risk Factors We may not be able to repurchase the notes upon a change of control as required by the indenture governing the notes.

The definition of Change of Control includes a phrase relating to the sale, lease, transfer, conveyance or other disposition of all or substantially all of the assets of the Company. The term all or substantially all as used in the definition of Change of Control has not been interpreted under New York law (which is the governing law of the Indenture) to represent a specific quantitative test. Therefore, if holders of the notes elected to exercise their rights under the Indenture and the Company elected to contest such election, it is not clear how a court interpreting New York law would interpret the phrase. In addition, holders of notes may not be entitled to require the Company to repurchase their notes in certain circumstances involving a significant change in the composition of the Board of Directors of the Company, including in connection with a proxy contest, where the Company s Board of Directors does not endorse a dissident slate of directors but approves them for purposes of the Indenture.

The existence of a holder s right to require the Company to repurchase such holder s notes upon a Change of Control may deter a third party from acquiring the Company in a transaction which constitutes a Change of Control.

The provisions of the Indenture do not afford holders of the notes the right to require the Company to repurchase the notes in the event of a highly leveraged transaction or certain transactions with the Company s management or its affiliates, including a reorganization, restructuring, merger or similar transaction (including, in certain circumstances, an acquisition of the Company by management or its affiliates) involving the Company that may adversely affect holders of the notes, if such transaction is not a transaction defined as a Change of Control. A transaction involving the Company s management or its affiliates, or a transaction involving a recapitalization of the Company, will result in a Change of Control if it is the type of transaction specified by such definition.

Table of Contents

The Company will comply with the applicable tender offer rules, including Rule 14e-1 under the Exchange Act, and any other applicable securities laws or regulations in connection with a Change of Control Offer.

The Company will not be required to make a Change of Control Offer (1) upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements described in the Indenture applicable to a Change of Control Offer made by the Company and purchases all notes validly tendered and not withdrawn under such Change of Control Offer or (2) if notice of redemption for 100% of the aggregate principal amount of the outstanding notes has been given pursuant to the Indenture as described under the caption Optional Redemption, unless and until there is a default in payment of the applicable redemption price.

If holders of not less than 90% of the aggregate principal amount of the outstanding notes accept a Change of Control Offer and the Company purchases all of the notes held by such holders, the Company will have the right, upon not less than 30 nor more than 60 days prior notice, given not more than 30 days following the purchase pursuant to the Change of Control Offer described above, to redeem all of the notes that remain outstanding following such purchase at a redemption price equal to 101% of the aggregate principal amount of the notes redeemed plus accrued and unpaid interest, if any, thereon to the date of redemption, subject to the right of the holders of record on relevant record dates to receive interest due on an interest payment date.

Certain Covenants

Covenant Suspension

If at any time following the date of the Indenture:

(a) the rating assigned to the notes by both S&P and Moody s is at least an Investment Grade Rating,

(b) the obligations under the Senior Credit Agreement cease to be secured and

(c) no Default has occurred and is continuing under the Indenture,

then, beginning on that day and subject to the provisions of the following paragraph, the provisions of the Indenture described under the following captions in this offering circular will be suspended:

(1) Certain Covenants Incurrence of Indebtedness and Issuance of Disqualified Stock,

(2) Certain Covenants Restricted Payments,

(3) Certain Covenants Transactions with Affiliates,

(4) Certain Covenants Asset Sales,

(5) Certain Covenants Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries,

(6) Certain Covenants Lines of Business,

(7) the conditions in clauses (1) and (3) described below under Certain Covenants Sale Leaseback Transactions and

(8) the financial test set forth in clause (3) of the provisions of the Indenture described below under Consolidation, Merger and Sale of Assets.

During any period that the foregoing covenants have been suspended, the Company s Board of Directors may not designate any of its Subsidiaries as Unrestricted Subsidiaries pursuant to the covenant described below under the caption Certain Covenants Unrestricted Subsidiaries.

Table of Contents

Notwithstanding the foregoing, if the rating assigned by either such rating agency should subsequently decline to below BBB- or Baa3, respectively, the foregoing covenants will be reinstituted as of and from the date of such rating decline. Calculations under the reinstated Restricted Payments covenant will be made as if the Restricted Payments covenant had been in effect since the date of the Indenture except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended.

There can be no assurance that the notes will ever achieve an investment grade rating or that any such rating will be maintained.

Incurrence of Indebtedness and Issuance of Disqualified Stock

a) The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, create, issue, incur, assume, guarantee or otherwise in any manner become directly or indirectly liable for the payment of or otherwise incur, contingently or otherwise (collectively, incur), any Indebtedness (including any Acquired Debt and the issuance of Disqualified Stock by the Company or the issuance of Preferred Stock by a Restricted Subsidiary), unless such Indebtedness is incurred by the Company or any Guarantor and, in each case, the Company s Consolidated Fixed Charge Coverage Ratio for the most recent four full fiscal quarters for which financial statements are available immediately preceding the incurrence of such Indebtedness taken as one period is equal to or greater than 2.25 to 1.0.

b) Notwithstanding the foregoing, the Company and, to the extent specifically set forth below, the Restricted Subsidiaries may incur each and all of the following (collectively, the Permitted Debt):

(1) Indebtedness of the Company or any Guarantor (whether as borrower or guarantor) under one or more Credit Facilities in an aggregate principal amount at any one time outstanding not to exceed the greater of (x) $500.0 million and (y) the sum of $200.0 million and 25% of Adjusted Consolidated Net Tangible Assets, determined as of the date of the incurrence of such Indebtedness;

(2) Indebtedness of the Company or any Guarantor pursuant to the notes (excluding any Additional Notes) and any Guarantee of the notes (excluding any Additional Notes);

(3) Indebtedness of the Company or any Guarantor outstanding on the date of the Indenture, and not otherwise referred to in this definition of Permitted Debt;

(4) intercompany Indebtedness between or among the Company and any of its Restricted Subsidiaries; *provided*, however, that:

(a) if the Company or any Guarantor is the obligor on such Indebtedness and such Indebtedness is owed to a Restricted Subsidiary other than a Guarantor, such Indebtedness must be expressly subordinated to the prior payment in full in cash of all obligations with respect to the notes, in the case of the Company, or the Guarantee, in the case of a Guarantor; and

(b) any subsequent issuance or transfer of Capital Stock that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary thereof (other than pursuant to a pledge or similar action under a Credit Facility) and any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Restricted Subsidiary thereof, shall be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (4);

(5) guarantees by the Company or any Guarantor of any Indebtedness of the Company or any of its Restricted Subsidiaries that is permitted to be incurred under the Indenture;

(6) Indebtedness of the Company or any Restricted Subsidiary that constitutes Hedging Obligations;

Table of Contents

(7) Indebtedness of the Company or any Restricted Subsidiary represented by Capital Lease Obligations (whether or not incurred pursuant to sale and leaseback transactions) or Purchase Money Obligations or other Indebtedness incurred or assumed in connection with the acquisition or development of real or personal, movable or immovable, property in each case incurred for the purpose of financing or refinancing all or any part of the purchase price or cost of construction or improvement of property used in the business of the Company or any Restricted Subsidiary, in an aggregate principal amount pursuant to this clause (7), together with all Permitted Refinancing Indebtedness with respect to this clause (7), not to exceed the greater of (x) $25.0 million and (y) 2.5% of Adjusted Consolidated Net Tangible Assets outstanding at any time, determined as of the date of the incurrence of such Indebtedness;

(8) Indebtedness of the Company or any Restricted Subsidiary in connection with (a) one or more standby letters of credit issued by the Company or a Restricted Subsidiary in the ordinary course of business and not in connection with a Credit Facility and (b) other letters of credit, surety, bid, plugging and abandonment, performance, appeal or similar bonds, bankers acceptances, completion guarantees or similar instruments; *provided* that, in each case contemplated by this clause (8), upon the drawing of such letters of credit or other instrument, such obligations are reimbursed within 30 days following such drawing; *provided*, further, that with respect to clauses (a) and (b), such Indebtedness is not in connection with the borrowing of money or the obtaining of advances or credit;

(9) Indebtedness of the Company or any Restricted Subsidiary consisting of in-kind obligations relating to net oil or gas balancing positions arising in the ordinary course of business;

(10) Indebtedness of the Company or any Guarantor provided that sufficient net proceeds thereof are promptly deposited to defease or satisfy all of the notes as described below under Defeasance or Covenant Defeasance of Indenture or Satisfaction and Discharge ;

(11) Indebtedness of the Company or any Restricted Subsidiary arising from agreements for indemnification or purchase price adjustment obligations or similar obligations, earn-outs or other similar obligations or from guarantees or letters of credit issued not in connection with any Credit Facility, surety bonds or performance bonds securing any obligation of the Company or a Restricted Subsidiary pursuant to such an agreement, in each case incurred or assumed in connection with the acquisition or disposition of any business or assets of the Company or a Restricted Subsidiary or Capital Stock of a Restricted Subsidiary;

(12) Permitted Refinancing Indebtedness of the Company or any Guarantor issued in exchange for, or the net proceeds of which are used to renew, extend, substitute, refund, refinance or replace, any Indebtedness, including any Disqualified Stock, incurred pursuant to paragraph (a) of this covenant and clauses (2), (3), (7), (15), (16) and this clause (12) of this definition of Permitted Debt ;

(13) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is covered within five business days;

(14) Indebtedness consisting of the financing of insurance premiums in customary amounts consistent with the operations and business of the Company and its Restricted Subsidiaries;

(15) Permitted Acquisition Indebtedness of the Company or any Guarantor; and

(16) Indebtedness of the Company or any Restricted Subsidiary in addition to that described in clauses (1) through (15) above, and any renewals, extensions, substitutions, refinancings or replacements of such Indebtedness, so long as the aggregate principal

amount of all such Indebtedness outstanding at any one time in the aggregate, together with all Permitted Refinancing Indebtedness with respect to this clause (16), shall not exceed the greater of (x) $50.0 million and (y) 5.0% of Adjusted Consolidated Net Tangible Assets, determined as of the date of the incurrence of such Indebtedness.

Table of Contents

For purposes of determining compliance with the Incurrence of Indebtedness and Issuance of Disqualified Stock covenant, in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness permitted by this covenant, the Company in its sole discretion shall classify or reclassify such item of Indebtedness and only be required to include the amount of such Indebtedness as one of such types (or to divide such Indebtedness between two or more of such types); *provided* that Indebtedness under the Senior Credit Agreement, if any, which is in existence on the date of the Indenture or following the issuance of the notes, and any renewals, extensions, substitutions, refundings, refinancings or replacements thereof, in an amount not in excess of the amount permitted to be incurred pursuant to clause (1) of paragraph (b) above, shall be deemed to have been incurred pursuant to clause (1) of paragraph (b) above rather than paragraph (a) above or any other clause of paragraph (b) above.

Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness.

Accrual of interest, accretion or amortization of original issue discount and the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, and the accretion or payment of dividends on any Disqualified Stock or Preferred Stock in the form of additional shares of the same class of Disqualified Stock or Preferred Stock will not be deemed to be an incurrence of Indebtedness for purposes of this covenant; *provided*, in each such case, that the amount thereof as accrued shall be included as required in the calculation of the Consolidated Fixed Charge Coverage Ratio of the Company.

For purposes of determining compliance with any dollar-denominated restriction on the incurrence of Indebtedness denominated in a foreign currency, the dollar-equivalent principal amount of such Indebtedness incurred pursuant thereto shall be calculated based on the relevant currency exchange rate in effect on the date that such Indebtedness was incurred.

If Indebtedness is secured by a letter of credit that serves only to secure such Indebtedness, then the total amount deemed incurred shall be equal to the greater of (x) the principal of such Indebtedness and (y) the amount that may be drawn under such letter of credit.

The amount of Indebtedness issued at a price less than the amount of the liability thereof shall be determined in accordance with GAAP.

Fluctuations in the termination value of Hedging Obligations shall not be deemed to be an incurrence of Indebtedness.

Restricted Payments

a) The Company will not, and will not cause or permit any Restricted Subsidiary to, directly or indirectly:

(A) declare or pay any dividend on, or make any other payment or distribution to holders in respect of, any shares of the Company s Capital Stock (including, without limitation, any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries), other than (i) dividends or distributions payable solely in shares of the Company s Qualified Capital Stock or in options, warrants or other rights to acquire shares of such Qualified Capital Stock and (ii) dividends or distributions payable to the Company or any Restricted Subsidiary);

(B) repurchase, redeem, defease or otherwise acquire or retire for value, directly or indirectly (including, without limitation, in connection with any merger or consolidation involving the Company), the Capital Stock or options, warrants or other rights to acquire such Capital Stock of the Company or any direct or indirect parent of the Company;

(C) make any payment on, or with respect to, or repurchase, redeem, defease, retire or otherwise acquire for value, prior to any scheduled interest or principal payment, sinking fund payment or maturity, any Subordinated Indebtedness, except (i) a payment of interest within three business

Table of Contents

days prior to or after the date when due or principal at the stated maturity thereof; (ii) in anticipation of satisfying a sinking-fund obligation, principal-installment payment or payment due at final maturity, in each case due within one year of the date of such obligation or payment; or (iii) intercompany Indebtedness permitted to be incurred pursuant to the covenant described above under the caption Certain Covenants Incurrence of Indebtedness and Issuance of Disqualified Stock ;

(D) pay any dividend or distribution on any Capital Stock of any Restricted Subsidiary to any Person (other than to the Company or any of its Restricted Subsidiaries or any Guarantor); or

(E) make any Investment in any Person (other than any Permitted Investment);

(any of the foregoing actions described in clauses (A) through (E) above, other than any such action that is a Permitted Payment (as defined below), collectively, Restricted Payments) (the amount of any such Restricted Payment, if other than cash, shall be the Fair Market Value of the assets proposed to be transferred, as determined by the Board of Directors of the Company, whose determination shall be conclusive and evidenced by a board resolution), unless

(1) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;

(2) immediately after giving effect to such Restricted Payment on a pro forma basis, the Company could incur $1.00 of additional Indebtedness (other than Permitted Debt) under the provisions described under paragraph (a) of Certain Covenants Incurrence of Indebtedness and Issuance of Disqualified Stock ; and

(3) after giving effect to the proposed Restricted Payment, the aggregate amount of all such Restricted Payments declared or made since the date of the Indenture and all Designation Amounts does not exceed the sum of:

(a) 50% of the aggregate Consolidated Net Income of the Company accrued on a cumulative basis during the period beginning on April 1, 2012 and ending on the last day of the Company s last fiscal quarter ending prior to the date of the Restricted Payment (or, if such aggregate cumulative Consolidated Net Income shall be a loss, minus 100% of such loss);

(b) the aggregate Net Cash Proceeds, or the Fair Market Value of property other than cash, received since the date of the Indenture by the Company (other than from any Restricted Subsidiary) either (i) as capital contributions in the form of common equity to the Company or (ii) from the issuance or sale (other than to any of its Subsidiaries) of Qualified Capital Stock of the Company or any options, warrants or rights to purchase such Qualified Capital Stock of the Company (except, in each case, to the extent such proceeds are used to purchase, redeem or otherwise retire Capital Stock or Subordinated Indebtedness as set forth below in clause (2) or (3) of paragraph (b) below) (and excluding the Net Cash Proceeds from the issuance of Qualified Capital Stock financed, directly or indirectly, using funds borrowed from the Company or any Subsidiary until and to the extent such borrowing is repaid);

(c) the aggregate Net Cash Proceeds received since the date of the Indenture by the Company (other than from any of its Subsidiaries) upon the exercise of any options, warrants or rights to purchase Qualified Capital Stock of the Company (and excluding the Net Cash Proceeds from (i) the exercise of any options, warrants or rights to purchase Qualified Capital Stock financed, directly or indirectly, using funds borrowed from the Company or any Subsidiary until and to the extent such borrowing is repaid and (ii) any purchases, repurchases, redemptions or other acquisitions for value applied pursuant to clause (10) of paragraph (b) below);

Table of Contents

(d) the aggregate Net Cash Proceeds received since the date of the Indenture by the Company from the conversion or exchange, since the date of the Indenture, of debt securities or Disqualified Stock of the Company or its Restricted Subsidiaries into or for Qualified Capital Stock of the Company plus, to the extent such debt securities or Disqualified Stock were issued since the date of the Indenture, the aggregate of Net Cash Proceeds from their original issuance (and excluding the Net Cash Proceeds from the conversion or exchange of debt securities or Disqualified Stock financed, directly or indirectly, using funds borrowed from the Company or any Subsidiary until and to the extent such borrowing is repaid);

(e) (i) in the case of the disposition or repayment of any Investment constituting a Restricted Payment (including any Investment in an Unrestricted Subsidiary) made since the date of the Indenture, an amount (to the extent not included in Consolidated Net Income) equal to the amount received with respect to such Investment, less the cost of the disposition of such Investment and net of taxes, and (ii) in the case of (A) the redesignation of an Unrestricted Subsidiary as a Restricted Subsidiary pursuant to the terms of the Indenture (as long as the designation of such Subsidiary as an Unrestricted Subsidiary was deemed a Restricted Payment) or (B) any Unrestricted Subsidiary that is merged or consolidated with or into, or transfers or otherwise disposes of all or substantially all of its properties or assets to or is liquidated into, the Company or a Restricted Subsidiary after the date of the Indenture, the Fair Market Value of the Company s interest in such Unrestricted Subsidiary at the time of such redesignation, merger, consolidation, transfer, disposition or liquidation; and

(f) any amount which previously qualified as a Restricted Payment on account of any guarantee entered into by the Company or any Restricted Subsidiary; *provided* that such guarantee has not been called upon and the obligation arising under such guarantee no longer exists.

b) Notwithstanding the foregoing, and so long as no Default or Event of Default is continuing or would arise therefrom, the foregoing provisions shall not prohibit the following actions (each of clauses (2) through (11) being referred to as a Permitted Payment):

(1) the payment of any dividend or the consummation of any irrevocable redemption within 60 days after the date of declaration of the dividend or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or redemption payment would have complied with the provisions of the Indenture;

(2) the purchase, repurchase, redemption, or other acquisition or retirement for value of any shares of any class of Capital Stock of the Company in exchange for (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares or scrip), or out of the Net Cash Proceeds of a substantially concurrent issuance and sale for cash (other than to a Subsidiary) of, other shares of Qualified Capital Stock of the Company; *provided* that the Net Cash Proceeds from the issuance of such shares of Qualified Capital Stock shall be excluded from clause (3)(b) of paragraph (a) of this covenant;

(3) the purchase, repurchase, redemption, defeasance, satisfaction and discharge, retirement or other acquisition for value or payment of principal of any Subordinated Indebtedness in exchange for, or in an amount not in excess of the Net Cash Proceeds of, a substantially concurrent issuance and sale for cash (other than to any Subsidiary of the Company) of any Qualified Capital Stock of the Company, *provided* that the Net Cash Proceeds from the issuance of such shares of Qualified Capital Stock shall be excluded from clause (3)(b) of paragraph (a) of this covenant;

(4) the purchase, repurchase, redemption, defeasance, retirement, refinancing, acquisition for value or payment of principal of any Subordinated Indebtedness (other than Disqualified Stock) through the substantially concurrent issuance of Permitted Refinancing Indebtedness;

34

Table of Contents

(5) any purchase, redemption, retirement, defeasance or other acquisition for value of any Subordinated Indebtedness pursuant to the provisions of such Subordinated Indebtedness upon a Change of Control or Asset Sale after the Company shall have complied with the provisions of the Indenture described under the caption Change of Control or Certain Covenants Asset Sales and repurchased all notes validly tendered for payment in connection with the Change of Control Offer or Asset Sale Offer;

(6) the repurchase, redemption, retirement or other acquisition for value of any Capital Stock of the Company held by any current or former officers, directors or employees of the Company or any of its Subsidiaries (or permitted transferees of such current or former officers, directors or employees) pursuant to the terms of agreements (including employment agreements) or plans approved by the Company s Board of Directors, including any such repurchase, redemption, acquisition or retirement of shares of such Capital Stock in connection with the exercise or vesting of (a) any equity compensation (including, without limitation, stock options, restricted stock and phantom stock) in order to satisfy any tax withholding obligation with respect to such exercise or vesting or (b) to the extent otherwise constituting a Restricted Payment, any rights under any cash and/or equity-settled stock appreciation agreement or plan of the Company or any Subsidiary; *provided* that the aggregate amount of such repurchases, redemptions, retirements and acquisitions pursuant to this clause (6) will not, in the aggregate, exceed $2.0 million per fiscal year;

(7) loans made to officers, directors or employees of the Company or any Restricted Subsidiary approved by the Board of Directors in an aggregate amount not to exceed $2.0 million outstanding at any one time, the proceeds of which are used solely (i) to purchase common stock of the Company in connection with a restricted stock or employee stock purchase plan, or to exercise stock options received pursuant to an employee or director stock option plan or other incentive plan, in a principal amount not to exceed the exercise price of such stock options or (ii) to refinance loans, together with accrued interest thereon, made pursuant to item (i) of this clause (7);

(8) the purchase by the Company of fractional shares arising out of stock dividends, splits or combinations or business combinations or conversion of convertible or exchangeable securities of debt or equity issued by the Company;

(9) dividends on Disqualified Stock if such dividends are included in the calculation of Consolidated Interest Expense;

(10) Restricted Payments in an amount not to exceed the Net Cash Proceeds (excluding the Net Cash Proceeds from the exercise of any options, warrants or rights to purchase Qualified Capital Stock financed, directly or indirectly, using funds borrowed from the Company or any Subsidiary until and to the extent such borrowing is repaid) received since the date of the Indenture by the Company (other than from any of its Subsidiaries) upon the exercise of any warrants of the Company existing on the date of the Indenture; *provided* that the Net Cash Proceeds from the exercise of such warrants shall be excluded from clause (3)(c) of paragraph (a) of this covenant; and

(11) Restricted Payments not exceeding $25.0 million in the aggregate since the date of the Indenture;

In determining whether any Restricted Payment is permitted by the foregoing covenant, the Company may allocate or re-allocate all or any portion of such Restricted Payment among clauses (1) through (11) of the preceding paragraph (b) or among such clauses and paragraph (a) of this covenant, including clauses (1), (2) and (3) thereof; *provided* that at the time of such allocation or re-allocation all such Restricted Payments or allocated portions thereof, and all prior Restricted Payments would be permitted under the various provisions of the foregoing covenant. The amount of all Restricted Payments (other than cash) shall be the Fair Market Value on the date of the transfer, incurrence or issuance of such non-cash Restricted Payment.

Table of Contents

Transactions with Affiliates

The Company will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, enter into any Transaction (including, without limitation, the sale, purchase, exchange or lease of assets, property or services) with or for the benefit of any Affiliate of the Company (other than the Company or a Restricted Subsidiary) involving aggregate consideration paid to or by the Company and its Restricted Subsidiaries in excess of $2.0 million, unless such Transaction is entered into in good faith and in writing and

(1) such Transaction is on terms that are no less favorable to the Company or such Restricted Subsidiary, as the case may be, than those that would be available in a comparable Transaction in arm s-length dealings with a party that is not an Affiliate of the Company,

(2) with respect to any Transaction involving aggregate consideration paid to or by the Company and the Restricted Subsidiaries in excess of $20.0 million,

(a) the Company delivers an officers certificate to the Trustee certifying that such Transaction complies with clause (1) above, and

(b) such Transaction has been approved by a majority of the Disinterested Directors of the Board of Directors of the Company, or in the event there is only one Disinterested Director, by such Disinterested Director, or

(3) with respect to any Transaction involving aggregate consideration paid to or by the Company and the Restricted Subsidiaries in excess of $50.0 million, the Company delivers to the Trustee a written opinion of an investment banking firm of national standing or other recognized independent expert with experience appraising the terms and conditions of the type of Transaction for which an opinion is required stating that the Transaction is fair to the Company or such Restricted Subsidiary from a financial point of view;

provided that this provision shall not apply to:

(i) any employment, consulting, service, termination or director compensation agreement, arrangement or plan (or amendment with respect thereto), or reasonable and customary indemnification arrangements , entered into by the Company or any Restricted Subsidiary with officers and employees of the Company or any Subsidiary thereof and the payment of compensation to officers and employees of the Company or any Subsidiary thereof (including amounts paid pursuant to employee benefit plans, employee stock option or similar plans), so long as such agreement or payment is in the ordinary course of business or has been approved by the Board of Directors,

(ii) the payment of reasonable directors fees, payments, the payments of other reasonable benefits and the provision of officers and directors indemnification and insurance to the extent permitted by law to persons who are officers and directors of the Company and its Restricted Subsidiaries, in each case in the ordinary course of business and approved by the Board of Directors,

(iii) loans or advances to officers, directors and employees of the Company or any Restricted Subsidiary made in the ordinary course of business in an aggregate amount not to exceed $2.0 million outstanding at any one time,

(iv) any Restricted Payment or Permitted Payment made in compliance with Restricted Payments above, or any Permitted Investment,

(v) any Transaction undertaken pursuant to any contracts in existence on the Issue Date (as in effect on the Issue Date) and any renewals, replacements or modifications of such contracts (pursuant to new transactions or otherwise) on terms not, taken as a whole, in the good-faith judgment of the Company, materially less favorable to the holders of the notes than those in effect on the Issue Date,

Table of Contents

(vi) in the case of contracts for drilling, exploring for, producing, marketing, selling, gathering, transporting, storing or otherwise handling or performing oilfield services relating to hydrocarbons, or leasing or renting office or storage space or activities or services reasonably related or ancillary thereto, or other operational contracts, any such contracts that are entered into in the ordinary course of business and otherwise in compliance with the terms of the Indenture (i) on terms substantially similar to those contained in similar contracts entered into by the Company or any Restricted Subsidiary and third parties or (ii) if neither the Company nor any Restricted Subsidiary has entered into a similar contract with a third party, that the terms are no less favorable than those available from third parties on an arm s-length basis, as determined by the Board of Directors of the Company,

(vii) any Transaction with a Person that is an Affiliate of the Company solely because the Company owns, directly or through a Subsidiary, an Equity Interest in, or controls, such Person,

(viii) any sale or other issuance of Equity Interests (other than Disqualified Stock) of the Company to, or receipt of a capital contribution from, an Affiliate (or a Person that becomes an Affiliate) of the Company,

(ix) any Transaction between the Company or any Restricted Subsidiary on the one hand and any Person deemed to be an Affiliate solely because one or more directors of such Person is also a director of the Company or a Restricted Subsidiary, on the other hand; *provided* that such director or directors abstain from voting as a director of the Company or the Restricted Subsidiary, as applicable, in connection with the approval of the Transaction, and

(x) Transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of the business of the Company and its Restricted Subsidiaries and otherwise in compliance with the terms of the Indenture; provided that in the reasonable determination of the members of the Board of Directors or senior management of the Company, such Transactions are on terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable Transaction by the Company or such Restricted Subsidiary with an unrelated Person.

Liens

The Company will not, and will not cause or permit any Restricted Subsidiary to, directly or indirectly, create or incur, in order to secure any Indebtedness, any Lien of any kind, other than Permitted Liens, upon any property or assets (including any intercompany notes) of the Company or any Restricted Subsidiary owned on the date of the Indenture or acquired after the date of the Indenture, or assign or convey, in order to secure any Indebtedness, any right to receive any income or profits therefrom, unless the notes (or a Guarantee in the case of Liens of a Guarantor) are directly secured equally and ratably with (or, in the case of Subordinated Indebtedness, prior or senior thereto, with the same relative priority as the notes shall have with respect to such Subordinated Indebtedness) the Indebtedness secured by such Lien.

Notwithstanding the foregoing, any Lien securing the notes or a Guarantee granted pursuant to the immediately preceding paragraph shall be automatically and unconditionally released and discharged upon: (i) the release of all other Liens that require the grant of Liens to secure the notes or Guarantees pursuant to the preceding paragraph, (ii) any sale, exchange or transfer to any Person not an Affiliate of the Company of the property or assets secured by such Lien, (iii) any sale, exchange or transfer to any Person not an Affiliate of the Company of all of the Capital Stock held by the Company or any Restricted Subsidiary in, or all or substantially all the assets of, any Restricted Subsidiary creating such Lien or (iv) with respect to any Lien securing a Guarantee, the release of such Guarantee in accordance with the Indenture.

Table of Contents

Asset Sales

a) The Company will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale unless (i) the Company or such Restricted Subsidiary, as the case may be, receives consideration at the time of such Asset Sale at least equal to the Fair Market Value of the assets and property subject to such Asset Sale and (ii) at least 75% of the consideration paid to the Company or such Restricted Subsidiary in connection with such Asset Sale is in the form of cash or Cash Equivalents. For the purposes of this provision, the following will be deemed to be cash:

(1) Liquid Securities;

(2) any liabilities, as shown on the Company s or any Restricted Subsidiary s most recent balance sheet, of the Company or such Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated in right of payment to the notes or any Guarantee) that are assumed by the transferee of any such assets pursuant to a customary novation agreement that releases the Company or such Restricted Subsidiary from further liability; and

(3) all other forms of consideration (except cash, Cash Equivalents and forms of consideration described in the foregoing clauses (1) and (2)) received for all Asset Sales since the date of the Indenture to the extent that the Fair Market Value of all such other forms of consideration does not exceed in the aggregate 10% of the Adjusted Consolidated Net Tangible Assets of the Company at the time each determination is made.

b) During the 365 days after the receipt by the Company or a Restricted Subsidiary of Net Available Cash from an Asset Sale, such Net Available Cash may be applied by the Company or such Restricted Subsidiary, to the extent the Company or such Restricted Subsidiary elects (or is required by the terms of any Pari Passu Indebtedness of the Company or a Restricted Subsidiary), to:

(1) repay (or cash-collateralize) Indebtedness of the Company under any Credit Facility (excluding (i) any Subordinated Indebtedness and (ii) any Indebtedness owed to the Company or an Affiliate of the Company);

(2) reinvest in Additional Assets (including by means of an Investment in Additional Assets by a Restricted Subsidiary with Net Available Cash received by the Company or another Restricted Subsidiary) or make capital expenditures in the Oil and Gas Business; or