Resolute Energy Corp
Form 424B5
May 09, 2013
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Registration No. 333-183738
Registration No. 333-167894

PROSPECTUS SUPPLEMENT
(To Prospectus dated November 28, 2012)
(To Prospectus dated April 15, 2011)

16,250,000 Shares

Resolute Energy Corporation

Common Stock

This is an offering of 16,250,000 shares of the common stock of Resolute Energy Corporation. We are offering 13,250,000 shares of our common stock, and certain selling stockholders identified in this prospectus supplement are offering 3,000,000 shares.

Our common stock is listed on the New York Stock Exchange under the symbol REN. The last reported trading price of our common stock on May 8, 2013 was $8.22.

Investing in our common stock involves risk. See Risk Factors beginning on page S-19 of this prospectus supplement, page 6 of the accompanying shelf base prospectus and page 6 of the accompanying selling stockholders base prospectus and in the documents we filed with the Securities and Exchange Commission that are incorporated by reference in this prospectus before making a decision to purchase our securities.

	Per Share	Total
Price to the public	$ 8.00	$ 130,000,000
Underwriting discounts and commissions	$ 0.32	$ 5,200,000
Proceeds to Resolute Energy Corporation	$ 7.68	$ 101,760,000
Proceeds to the selling stockholders	$ 7.68	$ 23,040,000

The selling stockholders have granted the underwriters a 30-day option to purchase up to an additional 2,437,500 shares of common stock on the same terms and conditions set forth above if the underwriters sell more than 16,250,000 shares of common stock in this offering.

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

The underwriters expect to deliver the shares on or about May 14, 2013.

Barclays **BMO Capital Markets** **Citigroup**
Raymond James **Wells Fargo Securities**

Capital One Southcoast **Johnson Rice & Company L.L.C.**

Global Hunter Securities **Scotiabank / Howard Weil** **Ladenburg Thalmann & Co. Inc.**
SunTrust Robinson Humphrey **Wunderlich Securities**

Prospectus Supplement dated May 8, 2013

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PROSPECTUS SUPPLEMENT

SHELF BASE PROSPECTUS

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SELLING STOCKHOLDERS BASE PROSPECTUS

You should rely only on the information contained in, or incorporated by reference into, this prospectus supplement. We have not authorized anyone to provide you with information that is different. This prospectus supplement may only be used where it is legal to sell the common stock. The information in this prospectus supplement may only be accurate on the date of this prospectus supplement.

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ABOUT THIS PROSPECTUS SUPPLEMENT

Except as otherwise indicated, the information in this prospectus supplement assumes that the underwriters do not exercise their option to purchase additional shares to cover over-allotments.

This document is in three parts. The first part is this prospectus supplement, which describes the terms of the offering of common stock and also supplements and updates information contained in the accompanying prospectuses and the documents incorporated by reference. The second and third parts are the accompanying prospectuses, which provide more general information regarding the shares and the offering. To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectuses or any document incorporated by reference, on the other hand, you should rely on the information in this prospectus supplement.

You should rely only on the information contained in this prospectus supplement, the accompanying prospectuses, the documents we incorporate by reference and any free writing prospectus prepared by or on behalf of us. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should not assume that the information in this prospectus supplement, the accompanying prospectus or any document incorporated by reference is accurate as of any date other than the date on its front cover. Our business, financial condition, results of operations and prospects may have changed since the date indicated on the front cover of such documents. Neither this prospectus supplement nor the accompanying prospectuses constitute an offer to sell or the solicitation of an offer to buy any securities other than the common stock offered hereunder, nor do this prospectus supplement or the accompanying prospectuses constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

As used in this prospectus supplement, unless the context otherwise indicates, references to Resolute, the Company, we, our, ours and us Resolute Energy Corporation and its subsidiaries collectively.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

This prospectus supplement incorporates by reference certain information we file with the Securities and Exchange Commission (the SEC), which means that we can disclose important information to you by referring you to that information. The information incorporated by reference is considered to be part of this prospectus supplement, except for information that is superseded by information that is included directly in this prospectus supplement or incorporated by reference subsequent to the date of this prospectus supplement. 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 Exchange Act of 1934, as amended (the Exchange Act) prior to the closing of this offering, to the extent that such information is deemed filed and not furnished with the SEC, which will automatically update and supersede this information.

- Our Annual Report on Form 10-K for the year ended December 31, 2012, filed on March 7, 2013;

- Our Quarterly Report on Form 10-Q for the quarter ended March 31, 2013, filed on May 6, 2013;

- Our Current Reports on Form 8-K filed on January 18, February 26, March 4, March 7, March 13, March 14, March 25, April 5, April 10, April 15, May 6 and May 7, 2013 and our amended Current Reports on Form 8-K/A filed on March 7 and April 15, 2013, all to the extent filed and not furnished pursuant to Section 13(a) of the Exchange Act; and

- The description of our common stock set forth in our registration statement on Form 8-A filed on September 21, 2009, and any amendment or report filed for the purpose of updating such description.

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You may request a copy of all incorporated filings at no cost, by making written or telephone requests for such copies to:

Resolute Energy Corporation

1675 Broadway

Suite 1950

Denver, Colorado 80202

Attention: General Counsel

(303) 534-4600

You should rely only on the information incorporated by reference or provided in this prospectus supplement. If information in incorporated documents conflicts with information in this prospectus supplement, 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 supplement or any document incorporated by reference is accurate as of any date other than the respective dates of such documents. We have not authorized anyone else to provide you with any information.

MARKET AND INDUSTRY DATA

In this prospectus supplement 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. We believe that these sources and estimates are reliable but have not independently verified them and cannot guarantee their accuracy or completeness. 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 supplement.

NON-GAAP FINANCIAL MEASURES

In this prospectus supplement, we use the term PV-10 , which is considered a non-GAAP financial measure under SEC regulations. See our explanation of PV-10 and a reconciliation of PV-10 to standardized measure in Summary Estimated Net Proved Reserves.

We also use the term Adjusted EBITDA in this prospectus supplement. See our explanation of Adjusted EBITDA and a reconciliation of this measure to net income (loss) in Summary Reconciliation of Net Income (Loss) to Adjusted EBITDA.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

Some of the statements contained or incorporated by reference in this prospectus supplement are forward- looking statements. The forward-looking statements can be identified by the use of forward-looking terminology such as believes, expects, may, intends, will, shou anticipates, or the negative thereof or other variations thereon or comparable terminology, or by discussion of strategy, although not all forward-looking statements contain such words or expressions. Forward-looking statements included in this prospectus supplement relate to, among other things, expected expansion of proved reserves, expected development opportunities, the anticipated results of exploration and testing, expected future production and opportunities to increase production, the expected benefits to be realized from newly acquired properties including our ability to achieve the growth we expect as a result of the acquisitions, expenses and cash flows, the nature, timing and results of capital expenditure projects, our ability to improve efficiency and control costs, expiration of leases that are not held by production, amounts of future capital expenditures, anticipated shifts in focus in our drilling

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activity and the expected results, our plans with respect to future acquisitions, our future debt levels and liquidity, statements regarding our production and cost guidance for 2013 and beyond, future production and reserve growth, anticipated capital expenditures in 2013 and the sources of such funding, our expectations regarding our development activities and drilling plans, including drilling, deepening, recompleting and refracing wells and the number of such projects, particularly with respect to our Permian Basin properties, and our anticipated lease operating expenses and depreciation, depletion and amortization rates. Although we believe that these statements are based upon reasonable current assumptions, no assurance can be given that the future results covered by the forward-looking statements will be achieved. Forward-looking statements can be subject to risks, uncertainties and other factors that could cause actual results to differ materially from future results expressed or implied by the forward-looking statements. You should read this prospectus supplement completely and with the understanding that actual future results may be materially different from what we expect. We will not update forward-looking statements even though our situation may change in the future. Except as required by law, we undertake no obligation to update any forward-looking statement. Factors that could cause actual results to differ materially from our expectations include, among others, those factors referenced in the Risk Factors section of this prospectus supplement 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, including the capital needed to pursue our production and other plans for our newly acquired properties, on acceptable terms, including as a result of a reduction in the borrowing base under our credit facility;
- the effectiveness and results of our CO_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 exploration and development plan and production from our oil and gas properties;
- the timing and amount of future production of oil and gas;
- the completion, timing and success of exploratory drilling;

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;

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

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

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

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

potential changes to regulations affecting derivatives instruments;

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 technical personnel;

timing of issuance of permits and rights of way;

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

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

our ability to achieve the growth and benefits we expect from the our newly acquired properties;

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

legislative or regulatory changes, including initiatives related to drilling and completion techniques, including fracing;

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

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

- losses possible from pending or future litigation;

- risk factors discussed or incorporated by reference in this prospectus supplement; 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 supplement and in the accompanying prospectuses. 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, 2012 and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2013, 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 supplement 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.

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SUMMARY

This summary provides a brief overview of the Company and the key aspects of this offering. Because it is abbreviated, this summary does not contain all of the information that you should consider before investing in our common stock. You should read the entire prospectus supplement carefully, including the information presented under the headings Risk Factors and Cautionary Note Regarding Forward-Looking Statements, and all information incorporated by reference herein, before making an investment decision. We have provided definitions for certain oil and gas terms used in this prospectus supplement in the Glossary of Oil and Gas Terms in Appendix A to this prospectus supplement.

Our Company

We are a publicly traded, independent oil and gas company engaged in the exploitation, development, exploration for and acquisition of oil and gas properties. Our asset base is comprised of properties in Aneth Field located in the Paradox Basin in southeast Utah (the Aneth Field Properties or Aneth Field), the Permian Basin in west Texas and southeast New Mexico (the Permian Properties), the Williston Basin in North Dakota (the Bakken Properties) and the Big Horn and Powder River Basins in Wyoming (the Wyoming Properties). During 2012, oil sales comprised approximately 93% of revenue. Our estimated pro forma net proved reserves as of December 31, 2012, giving effect to the recently completed acquisitions and divestiture to Navajo Nation Oil and Gas Company (the NNOGC Sale), were approximately 87 MMBoe, of which approximately 58% and 43% were proved developed reserves and proved developed producing reserves, respectively.

Our primary operational focus is to increase reserves and production from our properties while improving efficiency and optimizing operating costs. We plan to expand our reserve base through the expansion of tertiary oil recovery in Aneth Field, the exploitation and development of oil-prone acreage, particularly in our Permian Properties, and through carefully targeted exploration activities in our Wyoming Properties.

Aneth Field is our cornerstone asset and is divided into three separate operating units. From its acquisition to the end of 2012, we have increased production from the Aneth Unit by 68%, increased production from the McElmo Creek Unit by 22%, and slowed the natural decline in the Ratherford Unit to approximately 1.5% per year. We expect to see production increase as we continue with our capital projects, particularly our ongoing CO_2 flood program. We also plan to expand proved reserves in Aneth Field by expanding the CO_2 flood program into the Ratherford Unit. Aneth Field continues to demonstrate its capacity to provide production growth and to provide strong, steady cash flows that we can reinvest both in the field and in our other operating areas.

We have an interest in 41,100 gross (20,300 net) acres in the Permian Basin after giving effect to three recently completed acquisitions. See below in Certain Recent Developments for a further description of these acquisitions. These acquisitions, completed in December 2012 and March 2013, provide us with exposure to some of the most active oil development plays in the country. When combined with our legacy Permian assets, our Permian Properties had estimated pro forma total proved reserves of approximately 24 MMBoe as of December 31, 2012. Our Permian Properties include conventional production on the Northwest Shelf in Lea County, New Mexico, as well as unconventional oil production from the Wolfberry play in the Midland Basin and the Wolfbone play in the Delaware Basin in Texas. Development opportunities on our acreage include more than 400 gross prospective vertical locations in the Wolfbone and Wolfberry plays, as well as more than 70 prospective horizontal locations with multiple targets in the Wolfcamp, Spraberry and Atoka formations. Our first quarter 2013 production in the Permian Basin increased 833% to 280 MBoe, from 30 MBoe in the first quarter of 2012, and our Permian acquisitions bring our pro forma first quarter 2013 Permian production to approximately 5,000 Boe per day. Our Permian Properties are largely held by production and primarily produce oil and NGL.

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Hilight Field, in Wyoming s Powder River Basin, continues to provide us with steady cash flow from legacy Muddy formation production and consists of a leasehold, which is held by production, covering 45,400 net acres in a basin experiencing increased horizontal drilling in oil-bearing formations such as the Turner, Niobrara and Mowry. In addition to these unconventional targets, through the use of 3D seismic we believe we have identified conventional prospects in the deeper Minnelusa formation. During 2013, we expect to test the Turner formation with a horizontal well and further test the Mowry formation with vertical recompletions that will help us better identify potential horizontal locations. Depending on permitting, we plan to test one or more of the identified Minnelusa prospects in early 2014. In our exploration portfolio, we also own leases covering approximately 73,700 net acres in the Big Horn Basin, which we believe may be prospective for production from multiple targets, including the Frontier and Phosphoria formations.

Consistent with our strategy, we have begun the process of divesting certain assets that do not fit with our core operating focus. On March 7, 2013, we announced our intention to consider the sale of our Bakken Properties. A number of companies have expressed interest in purchasing these properties, and we anticipate receiving bids by the end of May. At March 31, 2013, we had interests in approximately 77,400 gross (28,800 net) acres in the Bakken trend. During the first quarter of 2013, we participated in the completion of 8 gross (1.9 net) wells associated with the Bakken Properties and had an additional 1 gross (0.1 net) well drilling at quarter-end. At quarter-end, we had interests in 66 gross (16 net) producing wells.

At December 31, 2012, after giving effect to the recently completed acquisitions and the NNOGC Sale, approximately 76% of our estimated pro forma net proved reserves were oil and approximately 89% were oil and NGL. Based on our 2012 reserve report, our total proved reserves-to-production ratio was 23 years.

The following table presents summary information related to our estimated pro forma net proved reserves, and the present value of our estimated pro forma net proved reserves as of December 31, 2012. The pro forma reserves include our net proved reserves from our December 31, 2012, reserve report and give effect to the recently completed acquisitions and the NNOGC Sale as if they had occurred on December 31, 2012.

	Estimated Pro Forma Net Proved Reserves as of December 31, 2012					
	Total Proved (MMBoe)	**% Oil**	**% PDP**	**% PDNP**	**% PUD**	**PV-10 ($ in millions)**
Total	87.1	76%	43%	15%	42%	$ 1,255

See the table on page S-18 for summary information related to our estimated net proved reserves that are derived from our December 31, 2012, reserve report, which we prepared. Netherland, Sewell & Associates, Inc. (NSAI), independent petroleum engineers, audited the reserves associated with substantially all of our properties, except the recently acquired Permian properties, for our December 31, 2012, reserve report.

Core Operating Areas

Aneth Field Properties

Aneth Field, a giant legacy oil field in southeast Utah, holds 75% of our net proved reserves as of December 31, 2012, and accounted for 52% of our production during the first quarter of 2013, averaging 6,037 Boe per day, all of which was oil. Aneth Field was discovered in 1956 by Texaco and has produced 429 MMBbl of oil as of December 31, 2012. To facilitate field-wide waterflood, Aneth Field was divided into three units, Aneth, McElmo Creek and Ratherford. Although the majority of the McElmo Creek Unit has been on CO_2 flood for more than 20 years, we have improved operations there and plan to further expand production by deepening and recompleting wells into the IIC zone of the Desert Creek formation. We have substantially completed the

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expansion of the CO_2 flood across the Aneth Unit, and intend to further increase production through additional injection and a variety of well projects and by installing a membrane plant that will enable us to extract and sell more gas and NGL. The Ratherford Unit remains on waterflood and presents opportunities for us to increase production through well projects and to increase our proved reserves and production through expansion of the CO_2 flood into that unit.

Capital expenditures in Aneth Field during 2012 were approximately $64.1 million, representing 28% of our total capital expenditures, excluding acquisition expenditures, during this time period. Although the improvement and expansion of the CO_2 flood program requires significant investments for infrastructure, wellhead equipment and CO_2 purchases, we expect that Aneth Field will continue to generate cash flow in excess of the cost of these expenditures. We anticipate reinvesting this free cash flow in the development of our Permian Properties, in our exploration-focused activities and, potentially, in other acquisition opportunities.

Permian Properties

In the Permian Basin of west Texas and southeast New Mexico, as of March 31, 2013, we own interests in 41,100 gross (20,300 net) acres divided between three principal project areas. Our Wolfberry project area, located in the Midland Basin portion of the Permian Basin, in Howard, Martin, Midland and Ector counties, includes approximately 9,500 gross (7,200 net) acres primarily targeting the Wolfcamp and Spraberry formations with secondary objectives in the Mississippian, Cline and Dean formations. Our Wolfbone project area, located in the Delaware Basin portion of the Permian Basin, in Reeves County, includes approximately 24,000 gross (8,300 net) acres primarily targeting the Wolfcamp and Bone Spring formations. Our third project area, the Northwest Shelf in Lea County, New Mexico, is centered on conventional production in Denton, Gladiola and South Knowles fields where we are focused on improving field-level economics through production enhancements and operating cost reductions. We also believe upside exists in these properties through well deepenings and infill drilling. Historic drilling activity in each of our Wolfberry and Wolfbone project areas has focused on vertical wells with completions in multiple pay zones. Recently the industry has increased its focus on horizontal drilling, primarily in the Wolfcamp formation, as well as the Spraberry and Cline formations in the Midland Basin and the Bone Spring formation in the Delaware Basin. We anticipate that our drilling activity in the Wolfbone and Wolfberry areas will be increasingly focused on horizontal drilling activity targeting these same formations.

During the first quarter of 2013, we completed 11 gross (8 net) wells in the Permian Properties and had 207 gross (118 net) producing wells at March 31, 2013. As of March 31, 2013, we were in the process of drilling 3 gross (3 net) wells. During the first quarter of 2013, average net daily production from the Permian Properties was approximately 3,107 Boe and was 83% liquids. During 2013, in our Midland and Ector County properties, we anticipate drilling approximately 3 gross (3 net) horizontal wells targeting the Wolfcamp formation and 20 gross (20 net) vertical wells targeting the Wolfcamp and Spraberry formations. On our Howard County properties, we anticipate participating in the drilling of 10 gross (5 net) vertical wells.

Wyoming Producing Properties and Exploration

Hilight Field is located in the Powder River Basin in Campbell County, Wyoming. We acquired Hilight Field as part of a corporate acquisition in 2008. Our initial activities were primarily focused on production from the Muddy formation, which generates free cash flow due to low reinvestment requirements. We have an inventory of low risk re-stimulation and infill drilling projects which we expect will moderate the natural decline of this field. As of March 31, 2013, there were 157 gross (149 net) producing wells, excluding shut-in coalbed methane wells, and gross cumulative production through December 31, 2012, from our three operated units was 68.5 MMBbl of oil and 150 billion cubic feet of gas. During the first quarter of 2013, average net daily production from Hilight Field was 1,535 Boe and was 15% oil.

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In addition to the cash flow generated by the legacy Muddy formation production, Hilight Field also consists of 45,400 net acres held by production in a basin experiencing transformation due to horizontal drilling targeting oil-bearing formations such as the Turner, Niobrara and Mowry. Along with these unconventional opportunities, the Powder River Basin continues to see exploration activity targeting the conventional Minnelusa formation. We have focused our geological, geophysical and engineering efforts to prepare for testing these formations. These activities have included a 3D seismic survey of the field and the review of our extensive log data and data from operators drilling wells in close proximity to Hilight. Our objective for 2013 will be to integrate these data and drill a horizontal well to test the Turner formation early in the third quarter. We also plan to develop the Mowry formation through additional uphole recompletions during the same time period. If this activity is successful, it could form the basis of a significant horizontal drilling program in Hilight in 2014 and beyond. In our exploration portfolio we also own leases covering approximately 73,700 net acres in the Big Horn Basin, which may be prospective for production from multiple formations, including the Frontier and Phosphoria. We continue to study these formations with the objective of testing them prior to facing significant lease expirations in 2015.

Bakken Properties

As of March 31, 2013, we had interests in approximately 77,400 gross (28,800 net) acres in the Bakken trend of the Williston Basin in North Dakota. During the first quarter of 2013, average net daily production from the Bakken Properties was approximately 954 Boe and was 95% liquids. As of March 31, 2013, we had interests in 66 gross (16 net) producing wells. During the first quarter of 2013, we participated in the completion of 8 gross (1.9 net) wells associated with the Bakken Properties and had an additional 1 gross (0.1 net) well drilling at quarter end. See Certain Recent Developments below for a discussion of the potential divestiture of the Bakken Properties.

Our Strategies and Our Competitive Strengths

Business Strategies

Our business strategies are designed to create value for our stakeholders by growing reserves, production volumes and cash flow utilizing industry standard enhanced oil recovery techniques as well as advanced development, drilling and completion technologies to systematically explore for, develop and produce oil and gas reserves. Key elements of our business strategies include:

Expand Production Throughout Aneth Field. We intend to increase production in Aneth Field through activities targeted at converting non-producing reserves into production, such as expansion of the CO_2 flood in the IIC subzone of the Desert Creek formation in the McElmo Creek Unit, installing equipment to separate CO_2 from saleable hydrocarbon gas and bringing new reserves into the proved category by expanding the CO_2 flood into the Ratherford Unit. In addition, we plan to further implement a program of infill drilling and recompletion of existing wells to tap unswept or bypassed oil and to revitalize older wellbores. We will continue to upgrade injection capacity to make our CO_2 flood activities more effective. Proved developed non-producing and proved undeveloped reserves at December 31, 2012 constituted 17% and 45%, respectively, of the proved reserves in Aneth Field. These reserves primarily relate to the CO_2 flood in which significant injection was started in 2008. Since 1985, the McElmo Creek Unit has been under a successful CO_2 flood initiated by a prior operator. Using a phased approach, we have been expanding this CO_2 flood within the field with demonstrable success.

Existing production from the Aneth Field Properties, which is approximately 97% oil, generates strong cash flow. We anticipate this will fund all of the capital requirements of expanding the CO_2 flood over the next five years and will provide free cash flow that we anticipate redeploying in the development of our Permian Properties, in our exploration-focused activities and, potentially, in acquisition opportunities.

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Focus on Exploitation and Development of Oil-Focused Properties in the Permian Basin. We have assembled an acreage position in the Permian Basin which we believe is prospective for horizontal and vertical development within one of the most active oil development plays in the country, the Wolfcamp formation. In addition to the Wolfcamp formation, we believe our acreage may be prospective for development in additional formations including the Spraberry, Atoka, Cline and Bone Spring. We currently have an active vertical drilling program on our acreage and expect to increase our horizontal activity in the area as we move through 2013. Our Permian Basin assets are characterized by relatively low-risk drilling opportunities, with production heavily weighted toward oil and NGL. We are focused on maximizing returns from these projects by optimizing completion techniques to enhance well performance and ultimate recoveries and accelerating development activity to increase near-term production and reserves.

Focus on Efficiency of Operations on Our Properties. We seek to maximize economic returns on our properties through operating efficiencies and cost control improvements. Our management team has significant experience in managing intensive oil and gas operations. As the operator of our Aneth Field Properties, the Wyoming Properties and substantially all of the Permian Properties, we have the ability to directly manage our costs, control the timing of our exploitation, drilling and production activities and effectively implement programs to increase production and improve operational efficiency.

Maximize the Value of Existing Assets Through Focused Exploration Efforts. We control acreage in the Powder River and Big Horn basins of Wyoming that appear to be prospective for multiple emerging exploration plays. We own leases covering approximately 45,400 net acres in the Powder River Basin near successful unconventional development targets in the Turner, Mowry and to a lesser extent Niobrara formations. Our acreage is also located in an area that has seen ongoing exploration efforts targeting the conventional Minnelusa formation. We are conducting geological and geophysical studies of the area, integrating well logs and mapping the target formations with the objective of testing some of these formations in 2013. In the Big Horn Basin, we own leases covering approximately 76,800 net acres in which our primary targets are the Frontier and Phosphoria formations.

Pursue Acquisitions of Properties with Development Potential in Core Areas. One component of our strategy has been to grow our reserves and production by acquiring domestic onshore properties. Our recent Permian acquisitions represent significant progress in furthering our growth in this manner. Prior to the Permian acquisitions, our predecessor company acquired the majority of our Aneth Field Properties in 2004 and 2006 and our Hilight Field in 2008. We acquired the original component of our Permian Properties in 2011. We actively evaluate opportunities to acquire properties that are prospective for the production of oil and NGL, particularly in the Permian Basin and Rocky Mountain regions. Our knowledge of various producing basins and our experienced management team, with long-standing industry relationships, position us to identify, consummate and integrate strategic acquisitions.

Our Strengths

We have a number of strengths that we believe will help us successfully execute our business strategies, including:

A High Quality Base of Long-Lived Oil Producing Properties. As of December 31, 2012, after giving effect to the recently completed acquisitions and the NNOGC Sale, we had estimated pro forma net proved reserves of approximately 87.1 MMBoe, of which approximately 76% were oil and approximately 89% were oil and NGL. Based on our 2012 reserve report, as of December 31, 2012, our total proved reserves-to-production ratio was 23 years. The shallow decline rate and long lives of our core producing properties result in a slower reserve depletion rate and reduced reinvestment requirements relative to many other producing areas in the United States.

Legacy Producing Assets Generating Strong Free Cash Flow. Our legacy producing asset base is anchored by two core properties, Aneth Field in Utah and Hilight Field in Wyoming. These properties have characteristics

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that we believe will provide a stable production platform and generate positive free cash flow to fund our development and growth activities.

Portfolio of Significant Organic Development and Drilling Opportunities. In addition to our legacy assets in Aneth Field and Wyoming, we have assembled an attractive, low-risk position in the Permian Basin which exposes us to one of the most active oil resource plays in the United States, the Wolfcamp formation, as well as secondary targets which include the Spraberry, Atoka, Bone Spring and Cline formations. Also, through our legacy position in Wyoming we have exposure to exploration opportunities in oil prone plays in the Rocky Mountains, including the Turner, the Mowry and the Minnelusa formations in the Powder River Basin and the Frontier and Phosphoria formations in the Big Horn Basin. We believe that this portfolio provides an inventory that would support more than ten years of drilling.

Operating Control Over Our Properties. We have the ability to control the timing and scope and influence the costs of most development projects undertaken on our various properties. We operate our Aneth Field, Wyoming Properties and substantially all of our Permian Properties.

Strong Balance Sheet. We employ a disciplined approach to liquidity and management of leverage, and we have a capital structure that provides us with the ability to execute our business plan. At March 31, 2013, borrowings outstanding were $390 million under our revolving credit facility and $400 million under our 8.5% senior notes due 2020. In connection with the amendment of the revolving credit facility in March 2013, our borrowing base was increased to $485 million, consisting of a $445 million conforming tranche (which expires in March 2018) and a $40 million non-conforming tranche (which expires in March 2014). We intend to use our portion of the net proceeds of this offering, in addition to the contemplated sale proceeds of the Bakken Properties, to repay outstanding borrowings under the credit facility. We plan to maintain a capital structure that provides financial flexibility through the prudent use of leverage, aligning capital expenditures to cash flows and maintaining a strategic hedging program.

Management and Technical Teams with Extensive Operational, Transactional and Financial Experience in the Energy Industry. With an average industry work experience of almost 30 years, our senior management team has considerable expertise in acquiring, exploring, exploiting, developing and operating oil and gas properties, particularly in operationally intensive oil and gas fields. Three of the founding members of our executive management team previously worked together as part of the senior management team of HS Resources, Inc., an independent oil and gas company that was listed on the New York Stock Exchange and primarily operated in the Denver-Julesburg Basin in northeast Colorado (HS Resources), and one founding member was a company advisor to HS Resources for more than a decade. HS Resources was acquired by Kerr-McGee Corporation in 2001 for $1.8 billion. We also employ more than 37 oil and gas technical professionals, including geophysicists, geologists, petroleum engineers and production and reservoir engineers, who have an average of approximately eighteen years of experience in their respective technical fields. We continually leverage the extensive experience of our senior management and technical staff to benefit all aspects of our operations.

Certain Recent Developments

Permian Acquisitions

On December 21, 2012, we purchased properties from Celero Energy II, LP containing proved reserves of approximately 4.1 MMBoe in Denton Field in the Northwest Shelf in Lea County, New Mexico and in the Spraberry trend in the Midland Basin portion of the Permian Basin in Howard County, Texas, for a purchase price of approximately $117 million.

Additionally, on December 28, 2012, we purchased an undivided 32.35% interest in certain oil and gas properties from RSP Permian, LLC and certain other sellers (RSP) containing proved reserves of

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approximately 5.4 MMBoe in the Wolfberry play in the Midland Basin portion of the Permian Basin in Midland and Ector counties, Texas, for a purchase price of approximately $133 million, which included a $6 million fee paid in exchange for the option to acquire the remaining 67.65% interest in the RSP properties. This fee was non-refundable but would be applied towards the purchase price if the option were to be exercised. On March 22, 2013, we exercised our option and acquired the remaining 67.65% interest in the RSP properties, which contained proved reserves of approximately 11.1 MMBoe. The purchase price for the acquired properties, which we refer to as our Gardendale area, was $257 million, net of the option fee after customary purchase price adjustments, which were estimated at closing. The RSP acquisitions included approximately 4,700 gross (4,600 net) acres and 78 producing wells, two wells awaiting completion and facilities for gathering, water sourcing and water disposal. The wells produced approximately 3,140 Boe per day in the first quarter of 2013, and had pro forma estimated total proved reserves of approximately 16.5 MMBoe as of December 31, 2012, of which 55% was oil and 81% were liquids, and 49% was proved developed. The acreage is largely held by production, and we estimate that a one-rig vertical drilling program for two years would hold all of the acquired leases. We believe that growth potential exists from approximately 22 gross prospective horizontal locations with multiple targets in the Wolfcamp, Spraberry and Atoka formations, plus approximately 45 vertical drilling locations targeting the Wolfcamp through Atoka interval and 69 Spraberry recompletion opportunities. On a combined basis, our Permian acquisitEFT: 0pt; MARGIN-RIGHT: 0pt; TEXT-INDENT: 0pt">/x/

Not applicable.

(a) / / Broker or dealer registered under Section 15 of the Exchange Act.

(b) / / Bank as defined in Section 3(a)(6) of the Exchange Act.

(c) / / Insurance company as defined in Section 3(a)(19) of the Exchange Act.

(d) / / Investment company registered under Section 8 of the Investment Company Act.

(e) / / An investment adviser in accordance with Rule 13d-1(b)(1)(ii)(E).

(f) / / An employee benefit plan or endowment fund in accordance with Rule 13d-1(b)(1)(ii)(F).

(g) / / A parent holding company or control person in accordance with Rule 13d-1(b)(1)(ii)(G).

(h) / / A savings association as defined in Section 3(b) of the Federal Deposit Insurance Act.

(i)/ / A church plan that is excluded from the definition of an investment company under Section 3(c)(14) of the Investment Company Act.

(j) / / Group, in accordance with Rule 13d-1(b)(1)(ii)(J).

(k)/ /Group, in accordance with Rule 240.13d-1(b)(1)(ii)(K). If filing as a non-U.S. institution in accordance with Rule 240.13d-1(b)(1)(ii)(J), please specify the type of institution: ____

Item 4. Ownership

(a) Amount beneficially owned:

As of the close of business on February 5, 2016 (i) BVF beneficially owned 2,472,477 shares of Common Stock, (ii) BVF2 beneficially owned 1,433,473 shares of Common Stock, and (iii) Trading Fund OS beneficially owned 503,463 shares of Common Stock.

Partners OS as the general partner of Trading Fund OS may be deemed to beneficially own the 503,463 shares of Common Stock beneficially owned by Trading Fund OS.

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Partners, as the general partner of BVF, BVF2, the investment manager of Trading Fund OS, and the sole member of Partners OS, may be deemed to beneficially own the 7,229,952 shares of Common Stock beneficially owned in the aggregate by BVF, BVF2, Trading Fund OS, and certain Partners management accounts (the "Partners Management Accounts"), including 2,820,539 shares of Common Stock held in the Partners Management Accounts.

BVF Inc., as the general partner of Partners, may be deemed to beneficially own the 7,229,952 shares of Common Stock beneficially owned by Partners.

Mr. Lampert, as a director and officer of BVF Inc., may be deemed to beneficially own the 7,229,952 shares of Common Stock beneficially owned by BVF Inc.

The foregoing should not be construed in and of itself as an admission by any Reporting Person as to beneficial ownership of any shares of Common Stock owned by another Reporting Person. Partners OS disclaims beneficial ownership of the shares of Common Stock beneficially owned by Trading Fund OS. Each of Partners, BVF Inc. and Mr. Lampert disclaims beneficial ownership of the shares of Common Stock beneficially owned by BVF, BVF2, Trading Fund OS, and the Partners Management Accounts, and the filing of this statement shall not be construed as an admission that any such person or entity is the beneficial owner of any such securities.

(b) Percent of class:

The following percentages are based on 44,131,962 shares of Common Stock outstanding as of November 4, 2015, as disclosed in the Issuer's Quarterly Report filed on Form 10-Q with the Securities and Exchange Commission on November 9, 2015.

As of the close of business on February 5, 2016 (i) BVF beneficially owned approximately 5.6% of the outstanding shares of Common Stock, (ii) BVF2 beneficially owned approximately 3.3% of the outstanding shares of Common Stock, (iii) Trading Fund OS beneficially owned approximately 1.1% of the outstanding shares of Common Stock (iv) Partners OS may be deemed to beneficially own approximately 1.1% of the outstanding shares of Common Stock, and (v) each of Partners, BVF Inc. and Mr. Lampert may be deemed to beneficially own approximately 16.4% of the outstanding shares of Common Stock (approximately 6.4% of which is held in the Partners Management Accounts).

(c) Number of shares as to which such person has:

(i) Sole power to vote or to direct the vote

See Cover Pages Items 5-9.

(ii) Shared power to vote or to direct the vote

See Cover Pages Items 5-9.

(iii) Sole power to dispose or to direct the disposition of

See Cover Pages Items 5-9.

(iv) Shared power to dispose or to direct the disposition of

See Cover Pages Items 5-9.

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Item 5. Ownership of Five Percent or Less of a Class.

Not Applicable.

Item 6. Ownership of More than Five Percent on Behalf of Another Person.

Partners, BVF Inc. and Mr. Lampert share voting and dispositive power over the shares of Common Stock beneficially owned by BVF, BVF2, Trading Fund OS, and the Partners Management Accounts.

Item 7. Identification and Classification of the Subsidiary That Acquired the Security Being Reported on by the Parent Holding Company or Control Person.

Not Applicable.

Item 8. Identification and Classification of Members of the Group.

See Exhibit 99.1

Item 9. Notice of Dissolution of Group.

Not Applicable.

Item 10. Certifications.

By signing below each of the undersigned certifies that, to the best of its knowledge and belief, the securities referred to above were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

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CUSIP NO. 16383L106

SIGNATURE

After reasonable inquiry and to the best of his knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated: February 5, 2016

BIOTECHNOLOGY VALUE FUND, L.P.

By: BVF Partners L.P., its general partner
By: BVF Inc., its general partner

By: /s/ Mark N. Lampert
Mark N. Lampert
President

BVF INC.

By: /s/ Mark N. Lampert
Mark N. Lampert
President

MARK N. LAMPERT

/s/ Mark N. Lampert

BIOTECHNOLOGY VALUE FUND II, L.P.

By: BVF Partners L.P., its general partner
By: BVF Inc., its general partner

By: /s/ Mark N. Lampert
Mark N. Lampert
President

BVF PARTNERS L.P.

By: BVF Inc., its general partner

By: /s/ Mark N. Lampert
Mark N. Lampert
President

BVF PARTNERS OS LTD.

By: BVF Partners L.P., its sole member
By: BVF Inc., its general partner

By: /s/ Mark N. Lampert
Mark N. Lampert
President

BIOTECHNOLOGY VALUE TRADING FUND OS LP

By: BVF Partners L.P., its investment manager
By: BVF Inc., its general partner

By: /s/ Mark N. Lampert
Mark N. Lampert
President