

**Moderator: Nick Sutton**  
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**Q4 2010**

Operator: Good day. Welcome to today's conference call discussing Resolute Energy Corporation 2010 fourth quarter and full year results. Today's conference call is being recorded.

This investor conference call includes forward-looking statements within the meaning of the Safe Harbor provisions of the United States Private Securities Litigation Reform Act of 1995.

Words such as expect, estimate, project, budget, forecast, anticipate, intend, plan, may, will, could, should, poised, believes, predicts, potential, continue, and similar expressions are intended to identify such forward-looking statements.

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At this time I would like to turn the call over to Nick Sutton, Chairman and CEO of Resolute. Please go ahead sir.

Nick Sutton: Good afternoon and welcome to Resolute's fourth quarter and full year 2010 earnings conference call. As we have done previously I will begin by providing a brief overview of the company and then provide an operations update. After that Ted Gazulis will review our financial results.

Before I begin, a quick reminder, until our merger with Hicks Acquisitions in September of 2009 that entity did not generate any revenues other than an interest income earned on proceeds of its initial public offering. The pro forma results we provide eliminate certain Hicks activities as well as certain other nonrecurring items in order to present data that we believe is representative of our underlying business.

In our SEC filings that we've made available to you, there is a reconciliation of these items through the GAAP presentation. Because we closed a Hicks transaction at very end of September last year the third quarter was the final quarter in which the quarterly pro forma don't line up with the GAAP numbers. However, annual comparisons are still nonstandard.

I will take a look at our business and our operational performance over the past year. As you know Resolute is a liquid focus E&P company with stable and long lived assets. We have existing production in three areas, the greater Aneth Field in the Paradox Basin in Utah; Hilight field in the Powder River Basin in Wyoming; and what we believe will be an expanding area of activity and production for us in the Bakken trend in the Powder River Basin of North Dakota. We also own exploration properties in the Big Horn Basin in Wyoming.

Resolute has a strong balance sheet which in addition to free cash flow from production provides us with the flexibility to fund our growth activities. These activities include organic growth and strategic acquisitions as opportunities arise. We also have a comprehensive hedging strategy in place that provides us with a dependable stream of cash flow to effectively manage our operations regardless of commodity pricing which is as you all know has been somewhat volatile of late.

As Ted will highlight, we recently adjusted our hedge positions with collars that more or less keep our existing floor, but effectively move our ceiling from around \$70 per barrel on hedge volumes to \$90 per barrel. Part of our strategy at Resolute is to build a well balanced portfolio property so we will deliver strong results in both the short and long-term.

Key components of our existing portfolio are as follows Greater Aneth field is a very large resource that has based proved developed crude oil production that will produce for decades to come but more importantly the field presents its own portfolio of growth activities such that we believe the field is capable of doubling production within about five years. These growth activities include CO2 flood expansions, well deepening's and re-completions of the Desert Creek IIC subzone, and new wells in areas that we believe have been bypassed by existing floods. Even at a high level of activity the Aneth field is capable of generating free cash flow that could be used to fund growth in our other areas in our portfolio.

Our Hilight field is another source of steady production, of course subject to normal declines, but here too we have activities to reduce the decline such as our muddy frac program and perhaps even to grow production through our Mowry activities in the field.

The Bakken trend generally is proving to be a successful statistical play across the Williston Basin, and we are hopeful that that will be true on our acreage. We think that it's reasonable to expect that the Bakken will add to our 2011 production in reserves, and will set the stage for significant growth in 2012. Lastly, we have what may turn out to be an exciting growth area, the Mowry shale in the Big Horn Basin. Our sum cost there is relatively small, and the potential there is huge. Combined, this portfolio of properties puts us in a strong position for successful organic growth now and moving into the future. Now, let me provide a little more detail on current activities at each property.

The Aneth Field is our largest producing asset. In this highly prolific field, our operational efforts have been principally focused on tertiary recovery, CO2 flood techniques to increase production from oily, long-lived assets that have a history of production, and that have responded well to such recovery efforts in the past.

During the year, we had an excellent production response at the Aneth Unit, Phases 1,2 and 3 CO2 expansions, with response now seen at about 50 of the 82 wells in that area. During the year, we also moved forward on a project to reconfigure wells to more efficiently align producers and injectors.

And our success in the fourth quarter was enhanced by the strong production response from the McElmo Creek Unit DC IIC project, which I will get into in a bit more detail in a moment. Along with the well work, the Aneth CO<sub>2</sub> expansion involves the construction and rebuilding of infrastructure to accommodate the incremental production.

Among the projects slated for completion in 2011 is the rebuild of the Aneth Central Gas Plant, which, in addition to providing needed compression capacity, will dehydrate and recover condensate from the recycled gas stream. Eventually, the plant will be expanded to strip CO<sub>2</sub> and hydrocarbon gas from the stream. The hydrocarbon gas and condensate will be sold, adding income streams to the field economics, and the CO<sub>2</sub> will be re-injected into the producing zone, while the hydrocarbon gas will be sold.

Earlier, I mentioned that one of the strong attributes of this large field was the variety of activities that we can undertake to add production and value, whether that's CO<sub>2</sub> expansion, or DC IIC recompletions, or new drills. This portfolio project provides us flexibility to adjust our plans to accommodate changes in the environments. For example, during 2010, we saw impending delays in equipment deliveries associated with our Aneth Unit compressor reconfiguration and the gas plant construction. As noted, those projects are important pieces in our ability to fully process Aneth Unit production, with the expected increases in gas and liquid volumes for our Aneth Unit Phase 4 CO<sub>2</sub> project. With a delay in mind, we were able to adjust our priority from Aneth Unit to the McElmo Creek Unit DC IIC with excellent results. With startup of the compression and the gas plant now scheduled for the summer, we can continue with the Aneth CO<sub>2</sub> expansion project.

Turning to the McElmo Creek Unit Desert Creek IIC project, our 2010 activity resulted in notable increases in production with the first half dozen wells averaging about 130 barrels a day of production. This recompletion program will carry on through 2011, but with a couple of adjustments.

First, as noted earlier, this project will compete with Aneth Unit Phase 4 for personnel and equipment resources, such that the activity level here may be reduced from what we experienced in the second half of 2010.

Second, in order to maintain or increase reservoir pressure, the focus during 2011 will be more on injectors and producers. I say increase reservoir pressure because our ultimate plan is to flood this prolific zone with CO<sub>2</sub>, and to do that effectively, it will need to be at or above the minimum reservoir pressure to achieve miscibility between the CO<sub>2</sub> and the oil.

In the Rutherford Unit, we are on track to drill two wells in the Desert Creek Formation during 2011. In addition to delivering production, these wells are also expected to provide data to further analyze the best methods to optimize production and reserve potential in this area. We hope to have more to share with you on this subject as the year progresses.

In Wyoming, production on a year over year basis declined 13 percent due to the shut-in of approximately 2.5 million cubic feet of gas per day of uneconomic coal bed methane production and also, a compression failure at the Western Gas Resources Hilight Plant that was not fully rectified until September of this last year. Despite these challenges, our operations are performing well. In the Muddy, we completed seven refracs in 2010, and we plan to complete another six in 2011. We expect to complete 21 refracs between 2011 and 2013. In addition, we will move forward with planned repair and maintenance programs in this area.

Now, in addition to our ongoing activities in Utah and Wyoming, during 2010 we continued to execute against the plan of building our portfolio. Notably, we closed several key transactions the Bakken trend of North Dakota, including our joint venture with GeoResources, and our farm-out agreement with Marathon Oil. Our target for 2010 in the Bakken was to drill five wells, to evaluate the success of those wells, and move forward after a review of the results. I'm pleased to report that activities have progressed as planned, although with some delays due to equipment and weather. We now have all five wells drilled, with three wells completed and being evaluated, and two wells waiting on completion.

We currently anticipate spudding our next well with GeoResources in April, with a second rig expected to be added to the program this summer. On the Marathon properties, we expect to resume drilling operations this summer.

While our Bakken increases contributed little to overall reserve levels in 2010, we believe that our more than 33,000 net acres in the Bakken trend will expose Resolute to near term growth in both reserves and production. In 2011, we have allocated approximately \$42 million for acreage acquisition, and drilling, and completion activities in this area and we expect to participate in the drilling and completion of approximately 20 gross and 5.1 net horizontal wells.

We are also making significant progress in developing our operations in the Mowry oil shale in Wyoming in both the Powder River Basin and the Big Horn Basin. This is above and beyond the work that we are doing in Wyoming in the Muddy sandstone where we have the refrac program in place.

In the Hilight area, we are collecting and analyzing the results from two Mowry recompletion tests performed in late 2010. The plan is to continue our work here with four additional recompletions scheduled for 2011. We have a pretty big area to work with, as the Hilight Field covers about 45,000 acres, all held by production and penetrated by about 150 vertical wells, mostly on 80 acre spacing. We also plan to test the prospectivity of the Mowry shale on our 70,000 acre position in the Big Horn Basin, where well permitting activity in the area continues to pick up. We expect to continue to see several Mowry tests near our acreage, and during 2011, we plan to drill one or two wells to test the Mowry concept there.

As you can see, we're in a strong position as we move through 2011. Our operational efforts and capital programs in 2010 laid the groundwork for what we feel will be a very successful 2011. We have an exciting pipeline of opportunities ahead of us, and we look forward to keeping you abreast of our progress. With that, I'd like to turn it over to Ted Gazulis, our CFO, to provide some detail on the financials.

Theodore Gazulis: Thank you, Nick. As Nick noted earlier, our results for the quarter and full year compared to pro forma results for the fourth quarter and full year ended December 31, 2009. Let me start with three summary points I think that capture – or that I think capture Resolute's 2010 performance in a nutshell.

First, our efforts during 2010 led to production levels that were in line with guidance that we provided to you about a year ago. Fourth quarter production showed a 15 percent increase over the first quarter of 2010, an increase of 4 percent sequentially.

Second, our financial results were solid. Increased production and elevated oil prices translated into a 24 percent year over year EBITDA gain, and approximately a 19 percent year over year revenue gain. Third, our total proved oil and gas reserves after adjusting for production increased 5 percent at year end, totaling 64.7 million equivalent barrels there.

More than 90 percent of those reserves are attributable to our Aneth Field properties, in which we have long-lived PDP oil production and many capital projects associated with expansions, extensions and processing of the tertiary recovery of CO<sub>2</sub> floods that are currently in operation. We think those – that those are all markers of a very successful year.

Now, moving into a more detailed look at the year. For fourth quarter ended December 31, 2010, we delivered 24 percent increase in adjusted revenue, as compared to the prior year, due to increased production and commodity pricing.

We had total adjusted revenue of \$45.9 million for the fourth quarter of 2010, including the effect of realized losses on derivatives of \$3.9 million. For the comparable period of 2009, total pro forma adjusted revenue was \$36.9 million, including the effect of realized losses on derivatives of \$3.2 million.

For full year 2010, we delivered 19 percent increase in adjusted revenue, as compared to the prior year period. We had total adjusted revenue of \$165.1 million during 2010, including the effect of realized losses on derivatives of \$8.3 million.

For the prior year, we had total pro forma adjusted revenue of \$139 million, including \$11.2 million in realized gains on derivatives. I'd also note that this doesn't incorporate a onetime nonrecurring loss on a derivative position that was required by the Texas Transaction Agreement. I should also note that the increased adjusted revenue largely resulted from profit pricing.

Turning to expenses, total lease operating expense in the fourth quarter decreased 14 percent to \$13.1 million, or \$17.87 cents of Boe versus the prior year period of \$15.3 million, or \$23.18 of Boe. Total production taxes increased by \$800,000, or 16 percent, to \$6.2 million, or \$8.50 of Boe. That's compared to \$5.4 million or \$18.04 of Boe for the 2009 quarter. That represented 12 percent and 13 percent of production revenue for the current and prior year periods, respectively.

During 2010, total lease operating expenses increased 3 percent to \$51.6 million, or 18.91 of Boe versus pro forma Boe at \$49.9 million, or \$18.40 of Boe in 2009. Total production taxes increased by \$5.3 million, 28 percent, to \$24.2 million, \$8.85 of Boe, as compared to \$18.8 million, \$6 and 94 percent per Boe for the 2009 year period. That's 14 percent and 15 percent of production revenue, respectively. The rate remained relatively constant. The difference largely resulted from increased pricing.

Looking at G&A, we incurred G&A expense for fourth quarter of \$7.7 million, or \$10.55 of Boe. That's compared to pro forma G&A of \$5.4 million or \$18.14 of Boe for the prior quarter. The year-over-year difference is primarily the result of the inclusion of noncash stock based compensation expense, accrual of the company's short term incentive compensation plan, increased staffing and other costs associated with the company's growth plan and becoming a public company. The noncash stock based compensation represented \$2.2 million or \$2.94 of BOE and \$5.9 million or \$2.18 of BOE for three and 12 month periods respective.

For the full year we incurred general and administrative expense of \$19.4 million, \$7.12 of BOE as compared to pro forma GNA of \$12.8 million or \$4.72 of Boe equivalent for the prior year period. The majority of the

difference between the 2009 and 2010 periods resulted from the increased costs mentioned just a moment ago.

Regarding profitability, in the fourth quarter we generated \$21.2 million of EBITDA or \$28.99 per equivalent barrel of oil. This was a 90 percent increase over the fourth quarter 2009 where we generated \$11.2 billion of adjusted pro forma EBITDA, 16.95 a barrel.

For the full year we generated 76.3 million of EBITDA which was \$27.93 of BOE, 24 percent increase over the prior year result of \$61.3 million or \$22.50 per BOE of adjusted pro forma EBITDA. Turn to the CapEx during the fourth quarter we incurred approximately \$31.3 million in total capital expenditures.

Of this amount \$3.5 million went to acquisition of CO<sub>2</sub> to support the company's ongoing tertiary recovery project, an additional \$15.5 million was incurred on facilities related projects including Phases 1, 2, and 3 of the Aneth unit CO<sub>2</sub> expansion and other compression related items. We also incurred \$1.4 million for lease hold acreage and \$10.9 drilling in the Bakken trend of North Dakota.

During 2010 we incurred approximately \$78.4 million in capital expenditures of which \$12.9 million related to the acquisition of CO<sub>2</sub> to support the tertiary recovery project, \$31.1 million was incurred on various facilities related projects, and we incurred \$21.8 million and \$12.6 million respectively for acreage acquisition and drilling in the Bakken trend in the North Dakota.

Looking ahead to 2011 we estimate the capital expenditures to total about \$120 million in 2011, \$63 million of the total located to our Aneth field assets, \$15 million for drilling recompletion and other opportunities in the Powder River and Big Horn basins and \$42 million for activities in the Bakken trend. As we've said before, we'll continue to monitor our capital expenditures and we may adjust our activity in capital spending levels as conditions warrant and as opportunities present themselves over the coming years.

In terms of 2011 production we expect to deliver between 2.95 and 3.05 million equivalent barrels of oil our full year average of approximately 8,000 to 8,400 BOE a day. About 73 percent of the total production is attributable to our Aneth field properties, 20 percent to Wyoming, seven percent to North Dakota. Finally Nick mentioned our hedging strategy earlier. Hedging is important aspect of the oil business and we're constantly evaluating our hedge position.

Recently with oil prices increasing and likely to remain strong, we reshaped our hedge book somewhat to insure that our net price realizations this year are substantially closer to market. With new collars increasing our ceiling price by almost \$21 a barrel this year, we think that makes great sense. We believe this is the right decision for the time being, and we expect to see positive results from it.

We'll continue to take advantage of market opportunities to enhance these positions going forward. With that I'll now turn the call back over to the operator for Q&A. Operator?

Operator: At this time I would like to remind everyone in order to ask a question, please press star one on your telephone key pad. Again, to ask a question, please press star one. Your first question comes from Noel Parks of Ladenburg Thalmann.

Noel Parks: Good morning or good afternoon I should say.

Nick Sutton: Hi Noel.

Noel Parks: How you doing. Just a few things, just so I can get the numbers straight, just looking at what you spent for acreage over the course of the year, I'm sure some of this is probably just cash basis versus just when you book the transactions, I think in the press release you talked about having spent about 22 million on acreage. But from the cash flow statement, I get more like about a \$28 million number.

Can you help me understand the delta there?

- Nick Sutton: Yes let me take a look at that. And I'm going to reach out to (Jim Tuell), our chief accounting officer who's very close to those numbers and I think will give you the more reasoned response to your question.
- Noel Parks: Yes, that's great.
- (Jim Tuell): Noel where are you coming up with or where did you see that 28 million that you're referring to?
- Noel Parks: I got that let me see...
- (Jim Tuell): I want to make sure I answer your question.
- Noel Parks: You know I got it from the three quarter of the statement of cash flows. Let me just double check one thing here real quick before I confuse matters further. Let me see here, December quarter, yes I ...
- (Jim Tuell): At least while you're looking unless you've got it there you know again I'm fairly comfortable to say that we've only reported the \$21-\$22 million worth of acreage acquisition costs. Certainly what you may be looking at is the increase in our unevaluated or unproved costs which would include certain drilling and completion costs on wells that have not yet been assigned proof reserves.
- Noel Parks: Oh, OK.
- (Jim Tuell): So you know the increase to unevaluated properties is greater than just the acreage costs.
- Noel Parks: I think that is what sort of put me on the trail of that today because I did notice that that went up sequentially for the quarter. So that's just the timing issue there then right? And is anything similar? I noticed the asset retirement obligation numbers also went up a good bit.
- (Jim Tuell): You know again from time to time Noel we re-evaluate our position and any time that we can look out and see the costs are increasing to you know either plug an abandoned well or retire properties or just as significant if we believe the timing of those retirements change we adjust or estimates accordingly.

And so you know during our yearend process we determined that both of those conditions existed this year.

And therefore increase the amount of those accruals.

Noel Parks: Was that primarily Aneth or I wondered if it had anything to do with just different perspective on how much work you might be doing going forward at Hilight over you know how long a period of time you might look to do retirement activities there?

Nick Sutton: Again I'll just say it was a combination of both, probably more weighted toward Aneth but ...

Theodore Gazulis: Yes, I think – this is Ted. The bulk of the change came in Aneth. Its fairly healthy mechanical but it's a process we go through every year. you know certainly we look at each of the other properties but there has not been – to address the question that you asked kind of underlying it, there hasn't been sort of any major philosophical change as we look at Hilight, as we look at obviously Bakken and those kind of things.

It's really the mechanical application of looking at costs and timing and properly reflecting the obligation in the financials.

Noel Parks: Great. Just one other thing about Hilight, I think it opening you mentioned that you have about 150 legacy penetrations that you can use there for you know information off of the other side of the formations. I think the Mowry is shallower if I remember.

I thought in the past I heard you give that number as more like 400 penetrations that you had there...

Nick Sutton: We've got 414 well bores with a minus or plus I guess I should say. But more than 400 penetrations we've gotten launch through the Mowry and virtually all of them. The 100 number, I think is more of a characterization of if you are going to go out and do a very broad based testing program. Those are the wells you would look at.

Noel Parks: Oh, OK. OK, great. And just one last thing, I missed what you were saying the plans were for Ratherford this year. Could you just repeat what you said about that in the...

Nick Sutton: Sure in Ratherford we are looking to drill two wells in the Ratherford unit.

Noel Parks: OK, great. And I know it's sort of for greater intelligence than what you can do in the field overall and are those (inaudible) wells in existing locations or...

Nick Sutton: Yes, basically there are some areas that have identified as we go through our detailed work in the various units, we've identified areas that we believe have bypass production and so these particular wells are intended to address two of those locations in the Ratherford units.

Noel Parks: Oh, OK, and roughly how much acreage will those kind of increase your understanding for or as a result.

Nick Sutton: I think the easy answer is it'll help us understand the acreage around that well bore and then we'll take a look at whether we can expand out from there.

Noel Parks: OK.

Nick Sutton: In other words, its pretty much unknowable until we really get the test done.

Theodore Gazulis: Maybe another way of saying it in all of this. You know this isn't necessarily you know in effect exploratory and its going to open you know a whole new vista of opportunities here but rather we think this is an opportunity to capture some by pass pay and if we're effective in this there may be other opportunities there going forward after we've evaluated the results.

Noel Parks: Great. OK that's for me.

Nick Sutton: Thanks (Noel).

Operator: Your next question comes from (Jason Langler) of Sun Trust.

(Jason Langler): Good afternoon guys.

Nick Sutton: Hey (Jason).

(Jason Langler): Just on the Bakken play up there, is there any plans, I know you don't necessarily have it all written out yet but is there any plans to try anything in the (inaudible) or is it all going to be attack on the Bakken so far this year?

Nick Sutton: Right now we're really focusing on the Bakken. Now as we go through the year and as we confer with GEO and Marathon that may change but right now it's really focused on the Bakken.

(Jason Langler): OK and then we'll see how far I get with this one but you know the 42 million makes sense as far as the net wells but its kind of like 25 percent do you have or is there any way to breakout how many you expect with GEO on that kind of 47 percent range and then you know kind of what you have for Marathon and obviously once in a while you'll have a couple of wells that are small. Is there anything maybe additional color you could give there.

Nick Sutton: Well I think I'd start off by saying that the 47 and a half percent actually nets down because in a unit we invariably don't have the full 12/80. There will be some add-alls that come along with that and so that 47 and a half percent gets proportionally reduced relative to you know our ownership in the 12/80 to the full 12/80.

And so you know our guys have gone through well by well and without looking at a very detailed list which is more granular than we want to get on this call, I really can't give you a lot of guidance there.

(Jason Langler): All right that does help a little bit though and then maybe just a last one if I could. Is there a plan right now to drill anything in the Big Horn or are you just going to kind of watch and see what the kind of the rest of the industry is doing and then just kind of – you still have that money set aside depending on where you want to use it as the year goes on?

Nick Sutton: Right now our plan is to drill in the Big Horn. We've got two wells, good that have been delineated but exactly how those wells are going to be executed remains to be seen. For example we're in the process of trying to acquire

some well bores that are basically nonproductive in the area where we can go in and test.

And you know but nonetheless we do have two wells on this schedule.

(Jason Langler): Perfect. I'll send it back. Thanks guys.

Nick Sutton: Thank you.

Operator: Once again I would like to remind everyone in order to ask a question please press star one on your telephone keypad. Your next question comes from (Phillip Johnworth) of BMO Capital Market.

(Phillip Johnworth): Good afternoon guys.

Nick Sutton: Hi (Phil).

(Phillip Johnworth): In the two areas of interest that you define in the (inaudible) Basin in California can you talk about what type of properties or plays you're targeting in each of these basins?

Nick Sutton: That's pretty hard at this point. Let's just say we've got a very active business development effort that is looking principally right now at the Permian and some mid-continent. And that can cover a lot of territory. And so it ranges all the way from some of the, what we might describe as emerging resource type of place but we're also looking convention production opportunities as well.

And so in many respects it's going to be opportunity driven. California is an area of focus but I will be absolutely candid with you (Phillip), it's much earlier on our curve. We're not putting nearly as much resource to bear in California as we are in the Permian and other places.

(Phillip Johnworth): OK, great. And then what's the thinking on possibly redeeming the warrants if the stock trades above \$18 for the defined period of time?

Theodore Gazulis: I think if the stock trades above 18 for the defined period of time, I think you can expect that we will move forward on redemption. As you know we were

above 18 for a period and then we drop below 18 and then back above 18 and then below 18.

So there is a dynamic at work in the market right now that is interesting and we count the days and if we do trigger or pass the necessary trigger requirement I think you will see us look to redeem the warrants.

(Phillip Johnworth): OK and then in the 10-K it mentioned you all will continue to carry out the DC IIC recompletion program through 2013, should we expect the same number producers per year or can you do more than the four that are scheduled in 2011?

Nick Sutton: Right now we've scheduled four and as I alluded to in the call (Philip) in 2010 we were able because of some of the delays in the recompression in gas plants to redirect resources to the DC IIC and we were able to do a disproportion number of producers simply because in effect the reservoir was at I won't say virgin pressure. It had been produced some before.

But it hadn't seen production for a while. Two things that are going to go on in 2011, first of all, we, with the impending delivery of the equipment that we need for the recompression and for the gas plant, we are redirecting resources back to and particularly Aneth 4 which we think gives us good growth potential particularly mid to long-term.

We will continue on the DC IIC program and we've outlined a number of wells but as you have very correctly ascertained the focus is going to be more on ejectors than producers at least as we look at the program to date. As we move forward through the year, we may get additional data that would cause us to adjust that number somewhat. The reason for the more of wells to be injectors is something I mean you will pick up on right away and that is we've got a highly prolific reservoir that is producing right now in the wells we've recompleted to date.

They will not be able to support those production levels without some injection support of which we did very little in 2010. So in 2011 we need to do more in terms of ejection support just to assist the production from the wells we did in in the third quarter of 2010 but beyond that we need to build

up the reservoir pressure by several hundred pounds going forward before we can start effectively the CO<sub>2</sub> flood in that reservoir which we think is going to be a real prize.

The reason that's important is we have to you know have an effective flood you need (inaudible) and that requires a minimum pressure in the reservoir to achieve (inaudible). So we're not only maintaining the pressure to assist the existing production but we are intending to build a reservoir pressure in anticipation of CO<sub>2</sub>.

So we will be balancing this as we go forward. The four producers we have identified is the thinking today but we will be evaluating that on a very regular basis to see if it's appropriate to adjust that.

(Phillip Johnworth): OK and then last, what's the timing on the one Mowry vertical and the one horizontal in the Big Horn Basin and then did you have to wait for to see what (Plains) says about their well before deciding to go forward with the horizontal?

Nick Sutton: Good questions. I think – let me first answer the timing question. We're looking at summer, partly because its summer and partly because you've got land stipulations and things like that you've got to work with. And so we're looking at summer hopefully the early part of the summer.

Our project is a science project. Release this acreage on prospect specific ideas and basically we're stumbling onto known faults because we think that will enhance the fracture induced permeability associated with the reservoir. And so you know it may not be apples-to-apples with what (Plains) is doing. And so I would think regardless what you see come out of (Plains) in terms of results that you can expect to us move forward unless there is just something way out that's 3sigma out on (Plains) as a result either position or negative.

And you know but I think that the Plains well will stand by itself and I think our activities will stand by itself as well. That said, I'm anxiously awaiting to see what (Plains) has to say. And we wish them all the success in the world.

(Phillip Johnworth): Do just one more if I can get this in here. The modification of the oil swaps and the entering in the call. Is there any charge in the first quarter or is it just \$4.8 million premium incurred in 2011 and then 4.9 million to be incurred over 2012 through '14.

Theodore Gazulis: Yes that – the charge basically occurs through the period of the swaps. So no, there is no incremental upfront kind of costs.

(Phillip Johnworth): Oh yes that does get to amortize then.

Theodore Gazulis: It's amortized over a period.

(Phillip Johnworth): OK, thank you, guys.

Nick Sutton: Sure.

Operator: At this time, there are no further questions. I will now turn the call back to Mr. Nick Sutton for any closing remarks.

Nick Sutton: My only closing remarks would be that thank you for being on the call. We believe we're through this call and through the filing of our K that effectively wraps up 2010 in an official way. We think in an unofficial way we have done an excellent job for our shareholders in 2010.

We've got many projects that are moving forward very smoothly, very productively and we think that the work that we have done in 2010 really sets up 2011 and years beyond that. So we look forward to a good year coming up and we look forward to talking with you again about our progress as our year progresses.

Again thank you very much for listening to our call today.

Operator: Thank you. This concludes today's call. You may now disconnect.

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