Abstract: Black holes with two charges in string theory are singular due to vanishing horizon area at extremality. Two seemingly contradictory resolutions are available in the literature. On one hand, it has been argued that higher-derivative effects create a string-sized extremal horizon. On the other hand, it has been argued that before such a small black hole even forms, there is a transition to a string gas. We show that, with some modifications, these two perspectives are compatible, but correspond to different observables.