RAM ENERGY RESOURCES INC
Form PRE 14C
January 05, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14C

(RULE 14c-101)

SCHEDULE 14C INFORMATION

Information Statement Pursuant to Section 14(c) of the

Securities Exchange Act of 1934

Check the appropriate box:

x Preliminary information statement

¨ **Confidential, for use of the Commission only (as permitted by Rule 14c-5(d)(2))**

¨ Definitive information statement

RAM Energy Resources, Inc.

(Name of Registrant as Specified in its Charter)

Payment of filing fee (check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14c-5(g) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction: $

(5) Total fee paid: $

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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RAM ENERGY RESOURCES, INC.

5100 East Skelly Drive, Suite 650

Tulsa, Oklahoma 74135

Information Statement

January , 2012

To the Stockholders of RAM Energy Resources, Inc.:

This information statement is being furnished to the holders of common stock of RAM Energy Resources, Inc., to provide our stockholders with notice of corporate action to be effected by us on or about February , 2012.

On December 21, 2011, RAM and Halcon Resources LLC, a Delaware limited liability company, which we refer to as Halcon, entered into a Securities Purchase Agreement, which we refer to as the purchase agreement, providing for the issuance to, and acquisition by, Halcon of:

- 220,000,000 shares of our common stock;
- $275,000,000 principal amount of our 8% senior convertible note due 2017, which will be convertible after two years into shares of our common stock at a conversion price of $1.50 per share, which we refer to as the note; and
- five year warrants entitling the holders to purchase up to 110,000,000 shares of our common stock at an exercise price of $1.50 per share, which we refer to as the warrants.

As the consideration for these securities, Halcon has agreed to pay us a total of $550,000,000 in cash at the closing, of which $275,000,000 is attributable under the purchase agreement to the shares of common stock and $275,000,000 is attributable to the warrants and the note.

In addition, the purchase agreement requires us to:

- amend our certificate of incorporation to increase the number of authorized shares of our common stock from 100,000,000 shares to 1,010,000,000 shares, change our corporate name to Halcon Resources Corporation, and authorize an amendment to our certificate of incorporation to effect a 1:3 reverse stock split of our common stock;
- amend our 2006 Long-Term Incentive Plan to increase the shares of our common stock that may be issued thereunder from 7,400,000 shares to 11,100,000 shares; and
- obtain stockholder approval, on an advisory, non-binding basis, of certain payments that will be made to our named executive officers in connection with the Halcon transaction.

We collectively refer to the transactions contemplated by the purchase agreement as the Halcon transaction. The Halcon transaction was approved by our board of directors on December 21, 2011 and subsequently was approved on January , 2012 by written consent in lieu of a meeting signed by stockholders holding a majority of our outstanding common stock. Accordingly, no other action or approval by our stockholders is required in order to consummate the Halcon transaction. The closing of the Halcon transaction is scheduled to occur on or about February , 2012, and such closing is the corporate action with respect to which this information statement is being provided. Our stockholders do not have appraisal or similar rights with respect to the Halcon transaction.

Consummation of the Halcon transaction will result in a change of control of RAM. Immediately following the closing of the Halcon transaction, Halcon will hold approximately 73.6% of our outstanding voting securities. In addition, upon conversion of the note and exercise of all of the warrants, Halcon would hold approximately 86.7% of our voting securities assuming no other shares are issued prior to those actions.

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No stockholder meeting will be held in connection with the matters discussed in this information statement. We are not asking you for a proxy and you are requested not to send us a proxy.

Thank you for your continued interest in RAM Energy Resources, Inc.

Very truly yours,

LARRY E. LEE

Chairman, President and

Chief Executive Officer

This information statement is dated January , 2012 and is first being sent or given to the RAM stockholders on or about January , 2012.

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SUMMARY OF INFORMATION STATEMENT

The following is a summary of certain information contained elsewhere in this information statement. This summary is not intended to be a complete description of the matters covered in this information statement and is qualified in its entirety by reference to the more detailed information contained or incorporated by reference in this information statement or in the documents attached as appendices hereto.

This information statement contains forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those discussed in the forward-looking statements as a result of certain factors. See the section of this information statement entitled Forward-Looking Statements.

The Halcon Transaction

On December 21, 2011, we entered into a securities purchase agreement (which we generally refer to as the purchase agreement) with Halcon pursuant to which we agreed to issue to Halcon for an aggregate of $550,000,000 in cash:

- 220,000,000 shares of our common stock at $1.25 per share;
- 8% senior convertible note due 2017 in the aggregate face amount of $275,000,000, which will be convertible after two years into shares of our common stock at a conversion price of $1.50 per share, which we refer to as the note; and
- five year warrants to purchase up to an additional 110,000,000 shares of our common stock at an exercise price of $1.50 per share, which we refer to as the warrants.

Consummation of the Halcon transaction will require amendments to our certificate of incorporation, which under Delaware law requires the approval of holders of a majority of the outstanding shares of our common stock. In addition, because (i) the transaction involves the issuance by us of more than 20% of our outstanding common stock in a private transaction for a price that may be less than the greater of the book or market value of our common stock; (ii) the issuance of shares of our common stock to Halcon in connection with this transaction will result in a change of control of RAM and (iii) we are approving a material amendment to our 2006 Long-Term Incentive Plan, referred to as the 2006 Plan, we are required by the rules of The NASDAQ Stock Market to obtain stockholder approval of these actions. Because the Halcon transaction will result in compensation being paid to our named executive officers that is based on or otherwise relates to the Halcon transaction (which we refer to as golden parachute payments), we were required by federal securities laws to have an advisory (non-binding) vote of the stockholders on the golden parachute payments. Stockholders owning 50.5% of our outstanding common stock, whom we refer to in this information statement as our majority stockholders, have approved the Halcon transaction, the related amendments to our certificate of incorporation and our 2006 Plan and approved, on an advisory basis, the golden parachute payments, by written consent in lieu of meeting. The record date for determining our stockholders entitled to sign a written consent to approve the Halcon transaction, as well as the amendments to our certificate of incorporation and our 2006 Plan, was January 13, 2012. On that date, we had shares of common stock issued and outstanding.

The transactions contemplated by the purchase agreement are required to be consummated at a closing. We expect the closing of the Halcon transaction to occur on or about February , 2012.

The proceeds from the sale of the securities will be used to pay off or pay down our outstanding long-term debt, with the remainder to be added to our working capital and made available for the acquisition, development and exploration of oil and gas properties.

Background of Transaction *(see discussion beginning on page 10)*

For a description of the events leading to the approval by our board of directors of the Halcon transaction and the agreements related thereto, see The Halcon Transaction Background of the Halcon Transaction below.

Jefferies Fairness Opinion *(see discussion beginning on page 17)*

In connection with its consideration and approval of the Halcon transaction, our board of directors received an opinion from Jefferies & Company, Inc. (which, together with its affiliates, we refer to as Jefferies), a global securities and investment banking group, that, as of December 19, 2011, and based upon and subject to the various assumptions made, procedures followed, matters considered and limitations on the review undertaken as set forth in Jefferies opinion, the aggregate purchase price to be received by us under the Halcon transaction in consideration for 220,000,000 shares of our common stock, the note and the warrants was fair, from a financial point of view, to us. For important information regarding the Jefferies opinion, including the limitations of the opinion, see The Halcon Transaction Jefferies Fairness Opinion, below.

Certain Risks Associated with the Halcon Transaction *(see discussion beginning on page 8)*

The Halcon transaction involves risks, including risks related to:

- the dilutive effect on the ownership interests and voting power of existing stockholders;
- the ability of Halcon and its affiliates to control us and our board of directors following the transaction;
- the substantial increase in our outstanding long-term indebtedness;
- our ability to deploy profitably the new capital that will be invested by Halcon;
- the possible deterrence of any other offers to acquire us;
- a market overhang which may be presented by the outstanding warrants and convertible note which could restrict or limit increases in the market value of our common stock;
- restrictions on our ability to utilize our net operating loss carryforwards for federal income tax purposes that will result from the ownership change contemplated by the transaction; and
- limitations on our growth opportunities prior to November 1, 2012 due to the noncompetition provisions under the Executive Retention Agreement of Mr. Floyd C. Wilson, who will become our new chairman of the board, chief executive officer and president, with Petrohawk Energy Corporation, which we refer to as Petrohawk.

For detailed information regarding these risks, see The Halcon Transaction Certain Risks Associated with the Halcon Transaction below.

Interests of Certain Persons in the Halcon Transaction *(see discussion beginning on page 28)*

In considering the recommendation of our board with respect to the Halcon transaction, stockholders should be aware that upon the closing of the transaction, the employment of each of our senior executive officers, Messrs. Larry E. Lee, G. Les Austin, Larry Rampey and Drake Smiley,

will be terminated and each such officer will be entitled to receive a severance benefit under either an employment agreement or under our 2009 Change in Control Separation Benefit Plan, referred to as our 2009 CIC Plan. In addition, pursuant to the terms of our 2006 Plan, upon closing of the Halcon transaction, the unvested restricted stock awards previously granted to Messrs. Lee, Austin, Rampey and Smiley will vest in their entirety. Also, upon closing of the Halcon transaction, all stock appreciation rights, or SARs, previously granted to such executive officers under the 2006 Plan, whether or not vested, will vest in their entirety and will be deemed exercised as of the day immediately preceding the

closing. The exercise price for the SARs is $1.73 per share, meaning that if the closing price of our common stock on the day before closing is equal to or less than $1.73 per share, no payment will be required by us with respect to the SARs. However, if and to the extent the closing price of our common stock on the day before the closing of the transaction is greater than $1.73 per share, then each executive officer will be entitled to receive a cash payment equal to the amount by which the closing price exceeds $1.73 per share multiplied by the number of SARs held by such executive officer.

Our 2009 CIC Plan also covers our five vice presidents, each of whom will be deemed to have resigned for Good Reason, as defined in our 2009 CIC Plan, upon closing of the Halcon transaction, and as a result will receive at closing a cash severance benefit equal to one times such officer s base salary. Pursuant to the terms of our 2006 Plan, upon the closing of the Halcon transaction, all unvested restricted stock awards previously granted to such officers will vest in full, and all SARs previously granted to such officers will vest in their entirety and will be deemed exercised as of the day immediately preceding the closing. All SARs held by such officers have the same exercise price and will be treated in the same manner as the SARs held by our executive officers. Our 2009 CIC Plan requires us to provide each officer covered by the 2009 CIC Plan (Mr. Lee is not covered by our 2009 CIC Plan) certain continuing health and dental insurance benefits for the executive (and the executive s dependents, if applicable) and certain continuing life and disability insurance benefits for the executive.

Under the terms of Mr. Lee s employment agreement, we will provide Mr. Lee a gross-up payment in an amount equal to any excise tax, or interest or penalties related to any excise tax, assessed against Mr. Lee pursuant to Section 4999 of the Internal Revenue Code of 1986, or the Code, based upon the payments discussed above, the vesting of any stock or SARs under our 2006 Plan and the payment of the gross-up amount. In addition, Mr. Lee and his family will be entitled to continue to participate in any welfare benefit plan offered by us through the end of the current term of his employment agreement, which expires April 30, 2013, to the same extent as if Mr. Lee continued to be employed by us through the expiration of the term.

Pursuant to the terms of our 2006 Plan, upon closing of the Halcon transaction, the unvested restricted stock awards previously granted to Messrs. Sean P. Lane, Gerald R. Marshall and John M. Reardon, the three independent directors on our board of directors, and Mr. Lawrence S. Coben, an outside consultant to our board of directors, will vest in their entirety; however, all of these unvested shares are scheduled to vest in their entirety in May 2012, whether or not the Halcon transaction is consummated.

Our board of directors was aware of these interests and considered them along with the other matters described herein in approving the Halcon transaction and determining to recommend the Halcon transaction to our majority stockholders for approval by written consent. With the exception of Mr. Lee, no member of our board of directors will be entitled to receive any payment or other economic benefit as a result of the closing of the Halcon transaction, other than the acceleration of vesting of restricted stock awards previously granted to such directors and scheduled to vest in May 2012.

Purchase Agreement *(see discussion beginning on page 30)*

The issuance of the securities and the other transactions contemplated by the purchase agreement are subject to several closing conditions, including:

- the approval by a majority in interest of our stockholders by written consent, on or before January 20, 2012, of the issuance of the common stock, the note and the warrants, the amendments to our certificate of incorporation and our 2006 Plan contemplated by the Halcon transaction, and the approval, on an advisory (non-binding) basis, of the golden parachute payments (these conditions were satisfied by the execution by our majority stockholders of a written consent in lieu of meeting on January , 2012); and

- the resignation of our existing executive officers and board of directors.

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We are required to pay a termination fee of $2,500,000 if the purchase agreement is terminated by Halcon because of a material breach of the representations and warranties made by us in the purchase agreement which is not cured within 10 business days.

We are required to pay a termination fee of $5,000,000 if the purchase agreement is terminated by Halcon other than pursuant to the provision described in the preceding paragraph because of a material breach of the covenants or agreements made by us in the purchase agreement which is not cured within 10 business days.

Halcon is required to pay us a termination fee of $5,000,000 if we terminate the purchase agreement because of a material breach of the representations, warranties, covenants or agreements made by Halcon in the purchase agreement which is not cured within 10 business days.

Convertible Note *(see discussion beginning on page 40)*

The note will be issued in the original principal amount of $275,000,000, will be unsecured and will mature on the fifth anniversary of the closing. The note will bear interest at an annual rate of 8%, payable quarterly and include a payment-in-kind option for payment of interest by addition to principal through March 31, 2014.

Any time after the two-year period following the closing, we may prepay the note without penalty or premium. Also at any time after (i) the two-year period following the closing or (ii) a change in control of RAM, the holder of any note may convert the outstanding principal and accrued but unpaid interest on such note into shares of our common stock at a conversion price of $1.50 per share, subject to adjustment for stock dividends, stock splits and similar events.

Warrants *(see discussion beginning on page 42)*

The warrants entitle the holder, upon exercise, to purchase up to 110,000,000 shares of our common stock at an exercise price of $1.50 per share, subject to adjustments for stock dividends, stock splits and similar events. The warrants are exercisable, in whole or in part, at any time before the fifth anniversary of the closing. The warrant exercise price may be paid in cash, by relinquishing or delivering to us warrants or common stock having a fair market value equal to the warrant exercise price, by offsetting the principal balance of the convertible note, or a combination of the foregoing.

Registration Rights *(see discussion beginning on page 42)*

At the closing, we will enter into a registration rights agreement with Halcon which will give Halcon and its affiliates the right to require us, on up to three occasions, to register for public sale the shares of common stock acquired at the closing and any shares of common stock acquired upon the exercise of the warrants and conversion of the note. The registration rights agreement also provides Halcon and its affiliates with piggyback registration rights with respect to registrations of the offer and sale of any shares of common stock we may effect for our own account or for the benefit of other selling stockholders.

New Board of Directors and Management *(see discussion beginning on page 53)*

Under the purchase agreement, a new board of directors will be appointed effective upon the closing. There will be ten directors, all of whom will be designated by Halcon. At the closing, all of our officers and all of our directors are required to deliver their resignations. Mr. Floyd C. Wilson will become the new chairman of the board, president and chief executive officer. It is expected that our headquarters will be moved to Houston, Texas within a short time following the closing.

Amendments to Our Certificate of Incorporation

The following amendments to our certificate of incorporation will become effective upon filing with the Delaware Secretary of State in connection with the closing of the Halcon transaction. All the amendments are subject to approval by the holders of a majority of the outstanding shares of our common stock, and our majority stockholders have given such approval by executing a written consent in lieu of meeting on January , 2012. In the event the closing of the Halcon transaction does not occur, no amendments will become effective.

Increase in Authorized Capital Stock *(see discussion beginning on page 49)*

In order to provide a sufficient number of shares of capital stock to meet our current and future needs, including shares of common stock to be issued and reserved for issuance in the Halcon transaction, our board of directors approved and recommended to our majority stockholders an amendment to our certificate of incorporation to increase our authorized shares of common stock from 100,000,000 shares to 1,010,000,000 shares (prior to the reverse stock split discussed below).

Change of Our Corporate Name *(see discussion beginning on page 49)*

In order to reflect the significant infusion of capital by Halcon and to identify us more closely with the new ownership and management structure resulting from the majority stock ownership of Halcon subsequent to the closing, at Halcon s request our board of directors approved and recommended to our majority stockholders an amendment to our certificate of incorporation changing our corporate name to Halcon Resources Corporation.

The following amendment to our certificate of incorporation will become effective upon filing with the Delaware Secretary of State at a time determined by our board of directors following the closing of the Halcon transaction. In the event the closing of the Halcon transaction does not occur, this amendment will not become effective.

Reverse Stock Split *(see discussion beginning on page 49)*

To provide a stock price that is attractive and suitable to a broader range of potential investors, at Halcon s request, our board of directors approved and recommended to our majority stockholders a one-for-three reverse stock split of our common stock to become effective on a date following the closing of the Halcon transaction, meaning that from and after the effective time of the reverse stock split, each share of our common stock outstanding immediately prior to the filing of the amendment to our certificate of incorporation effecting the reverse stock split will represent one-third of one share of our common stock, or each three shares held prior to the split will result in one post-split share. This will result in each holder of our common stock immediately prior to the reverse stock split owning one-third the number of shares of common stock owned by such holder prior to the reverse stock split, but with each such new share having three times the value as the pre-split shares, subject, of course, to such changes in the trading prices of the post-split shares as may result from open market trading. No fractional shares or scrip of our common stock will be issued in connection with the reverse stock split. In lieu of a fractional share, we will pay cash equal to the product of such fraction multiplied by the per share stock price of one share of our common stock on the effective date of the reverse stock split.

Amendment to Our 2006 Plan

Our 2006 Plan requires the affirmative vote by holders of a majority of our outstanding common stock to amend the 2006 Plan in order to increase the number of shares of common stock that may be issued in conjunction with awards granted under the plan. On January , 2012, the required written consent of our majority stockholders approving the amendment to the plan was executed and delivered to us. The amendment will become effective upon the closing of the Halcon transaction. See Amendment to Our 2006 Plan.

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Approval of the Halcon Transaction, the Amendments to Our Certificate of Incorporation and Our 2006 Plan and Advisory Approval of Golden Parachute Payments; Stockholder Action by Written Consent

After careful consideration, our board of directors unanimously approved the Halcon transaction, as well as amendments to both our certificate of incorporation and our 2006 Plan, each conditioned upon the closing of the Halcon transaction. Under the Delaware General Corporation Law, approval of the amendments to our certificate of incorporation requires stockholder approval. Since the Halcon transaction results in (i) the issuance by us of more than 20% of our outstanding common stock in a private transaction for a price that may be less than the greater of the book or market value of our common stock and (ii) our change of control, and since we are approving a material change to our 2006 Plan, NASDAQ rules also require stockholder approval. Because the Halcon transaction will result in golden parachute payments to our named executive officers, we were required by federal securities laws to have an advisory (non-binding) vote of the stockholders on the golden parachute payments. On January   , 2012, the required written consent of our majority stockholders was executed and delivered to us approving the Halcon transaction, the amendments to both our certificate of incorporation and our 2006 Plan and approving, on an advisory basis, the golden parachute payments to be made to our named executive officers as a result of the Halcon transaction. Accordingly, no further vote of our stockholders is required in connection with any of these matters.

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FORWARD-LOOKING STATEMENTS

From time-to-time, in this information statement, in other written reports or in oral statements, we may discuss our expectations regarding our future performance. Generally, these statements relate to business plans or strategies, projected or anticipated benefits or other consequences of such plans or strategies or other actions taken or to be taken by us, including the impact of such plans, strategies or actions on our results of operations or components thereof, projected or anticipated benefits from operational changes, acquisitions or dispositions made or to be made by us, or projections involving anticipated revenues, costs, earnings or other aspects of our results of operations. The words expect, believe, anticipate, project, estimate, intend and similar expressions, and their opposites, are intended to identify forward-looking statements. These forward-looking statements are not guarantees of future performance but rather are based on currently available competitive, financial and economic data and management s operating plans. These forward-looking statements involve risks and uncertainties that could render actual results materially different from management s expectations. Such risks and uncertainties include, without limitation, whether the Halcon transaction will be consummated, as well as business conditions and growth and consolidation in the oil and gas industry and the energy business generally and in the economy in general, risks related to our ability to generate capital to complete our planned drilling and exploration activities, risks inherent in oil and gas acquisitions, exploration, drilling, development and production, fluctuations in oil and gas prices, government regulations and environmental matters and other risk factors described from time-to-time in our reports filed with the SEC as well as the risks associated with the Halcon transaction which are described below under The Halcon Transaction Certain Risks Associated with the Halcon Transaction.

All statements in this information statement that are not statements of historical fact are forward-looking statements. Although we believe that the expectations reflected in such forward-looking statements are reasonable, there can be no assurance that those expectations will prove to have been correct. Certain other important factors that could cause actual results to differ materially from management s expectations are disclosed in this information statement and in our other filings with the SEC. All written forward-looking statements by or attributable to management in this information statement are expressly qualified in their entirety by the risk factors and the cautionary statements mentioned above. Events could turn out to be significantly different from what management currently expects.

THE HALCON TRANSACTION

Pursuant to the purchase agreement entered into with Halcon on December 21, 2011, at the closing of the Halcon transaction we will issue to Halcon:

- 220,000,000 shares of our common stock;
- our 8% senior convertible note due 2017 in the original principal amount of $275,000,000 which will be convertible after two years into shares of our common stock at a conversion price of $1.50 per share, subject to adjustment as described below under Terms of the Note; and
- warrants entitling the holder to purchase up to 110,000,000 shares of our common stock at an exercise price of $1.50 per share of common stock, subject to adjustment as described below under Terms of the Warrants.

As the consideration for these securities, Halcon has agreed to pay us a total of $550,000,000 in cash at the closing, of which $275,000,000 is attributable under the purchase agreement to the shares of common stock and $275,000,000 is attributable to the warrants and the note. For a description of the events leading to the approval by our board of directors of the Halcon transaction and the agreements related thereto, see Background of the Halcon Transaction below.

We have agreed that we will, upon Halcon s request on up to three occasions, register with the SEC the public offering and sale by Halcon and its affiliates of the shares of common stock that Halcon will purchase

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from us, including the shares issuable upon exercise of the warrants and upon conversion of the note, and that we will include those shares in certain other registration statements we may file with the SEC. See Terms of the Registration Rights Agreement below.

We have also agreed to reimburse Halcon for all documented and reasonable out-of-pocket fees, expenses and disbursements incurred by Halcon in connection with the Halcon transaction.

Certain Risks Associated with the Halcon Transaction

Our stockholders will experience substantial dilution. The consummation of the Halcon transaction will have an immediate dilutive effect on the ownership interests and voting power of our existing stockholders. Upon closing the Halcon transaction, Halcon will own approximately 73.6% of our outstanding shares of common stock. As a consequence, for as long as Halcon retains over 50% of our total outstanding voting shares, Halcon will have complete control over the election of directors and many other matters that may be presented to our stockholders from time to time. Conversion of the note into common stock or exercise of the warrants will further dilute the ownership interests and voting rights of existing stockholders.

Halcon will assume control of our management. Following the closing, our board of directors is expected to consist of ten members. Under the terms of the purchase agreement, Halcon will designate all of the members of our board. In addition, Floyd C. Wilson, the president and chief executive officer of Halcon, will become our chairman of the board, president and chief executive officer. See Director and Executive Officer Information Directors for information regarding Mr. Wilson and the other persons who will become members of our board of directors. All of our senior executive officers are expected to have their employment with us terminated or to resign at and as of the closing.

The amount of our indebtedness will increase significantly. At December 31, 2011, our long-term indebtedness was $202.0 million. As a result of the Halcon transaction, our long-term indebtedness is expected to increase by $73.0 million, which represents the original principal amount of the convertible note of $275.0 million to be issued to Halcon less the amount of our existing long-term debt of $202.0 million, which we expect to pay down with the proceeds from the Halcon transaction. See Terms of the Note and Unaudited Pro Forma Consolidated Financial Information below.

We may not be able to profitably deploy the funds that we will receive. If we complete the Halcon transaction, our growth and profitability will be largely dependent upon our ability to deploy the $550.0 million in new capital that we will receive (approximately $345.0 million on a net basis, before transaction expenses but after we pay down our existing long-term debt). Our success is dependent upon our being able to profitably invest our capital in projects and properties that produce commercial quantities of oil and natural gas and generate acceptable returns on investment. The oil and natural gas exploration and production business is inherently risky and we cannot be certain that the additional capital invested by Halcon will result in acquiring or finding additional oil and natural gas reserves in commercial quantities. In addition, the oil and natural gas exploration and production industry is dependent to a significant extent on commodity prices received for oil and natural gas, which historically are volatile and dependent upon factors not within our control. The funds provided in the Halcon transaction may not be adequate to complete a specific acquisition or acquisitions we may pursue, in which case we may be required to seek additional funds by incurring additional indebtedness, issuing additional equity securities, or by other means. This could increase even more the risks of being able to produce a profitable return for our stockholders.

Halcon s ownership position could inhibit takeover offers from other companies. After the closing, the significant ownership interests of Halcon could effectively deter a third party from making an offer to buy us, which might involve a premium over the current stock price or other benefits for stockholders, or otherwise prevent changes in the control or management of us. Halcon will have the ability to accept or reject any offer to buy us, or to buy all or substantially all of our equity securities or assets, in its sole discretion, even if such offer

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would be in the best interests of our other stockholders. Except as described under Terms of the Purchase Agreement Covenants Protection of Minority Stockholders, there are no restrictions, in the form of a standstill agreement or otherwise, on the ability of Halcon or its affiliates to purchase additional RAM securities and thereby further consolidate its controlling ownership interest.

The warrants and the conversion rights under the note could result in significant market overhang which could restrain or limit increases in the market value of our stock. The 110,000,000 warrants to be issued to Halcon will be exercisable at any time over the five-year period beginning with the closing at an exercise price of $1.50 per share. Additionally, beginning with the second anniversary of the closing and until its maturity five years after closing, the note will be convertible into shares of our common stock at a conversion price of $1.50 per share. Although we have the right to prepay the note in whole or in part at any time after the second anniversary of the closing, such right will be subordinate to the right of the noteholders to elect in lieu of payment to convert the note into shares of our common stock. The availability of the warrant shares and the conversion shares at $1.50 per share could discourage potential investors in our common stock from paying as much for our shares as they would if these conversion and exercise rights did not exist. This could restrict increases in the market value of our common stock that might otherwise occur without this market overhang.

Consummation of the Halcon transaction will substantially limit our ability to use our net operating loss carryforwards to offset future income for federal income tax purposes. Because Halcon will obtain more than 50% of the value of our outstanding capital stock, we will be limited in the amount of our net operating loss carryforwards that we will be able to use on an annual basis to offset our taxable income for federal income tax purposes. See Tax Consequences below. This will defer to a material extent, and could eliminate altogether, a portion of the future economic benefit that we would otherwise be entitled to under the current federal income tax laws as a result of our past operating losses.

The terms of Mr. Wilson s Executive Retention Agreement may limit our growth opportunities prior to November 1, 2012. Upon closing the Halcon transaction, Floyd C. Wilson will become one of our principal stockholders, as well as our director, chairman of the board, chief executive officer and president. Mr. Wilson is subject to certain noncompetition provisions set forth in his Executive Retention Agreement dated as of July 14, 2011 with Petrohawk Energy Corporation. As a result of his ownership status and director and officer positions with us, these noncompetition provisions will generally prohibit us from pursuing any oil and gas operations within a 50-mile radius of any oil and gas operations of BHP Billiton Petroleum (North America) Inc. (the successor to Petrohawk) or its affiliates, prior to November 1, 2012. The terms of the Executive Retention Agreement also prohibit Mr. Wilson, and as a result, us, from soliciting certain specified customers, employees and contractors of BHP Billiton prior to November 1, 2012. Halcon has represented and warranted to us that none of our four principal operating areas, that is, our (i) Electra/Burkburnett properties, located in Wichita and Wilbarger Counties, Texas, (ii) South Texas properties, located in Starr and Wharton Counties, Texas, (iii) Fitts and Allen properties, located in Coal, Hughes, Pontotoc and Seminole Counties, Oklahoma, or (iv) Osage concession, would be adversely affected by the noncompetition provisions of the Executive Retention Agreement. However, these noncompetition provisions may limit our ability to pursue advantageous acquisition or leasing opportunities in the near future, which may limit increases in the market value of our stock.

If the Halcon transaction is not completed, we will have nonetheless incurred substantial costs and our results of operations and the market price of our common stock may be adversely affected. We have incurred and expect to continue to incur substantial costs in connection with the Halcon transaction. In addition, we have diverted significant management resources in an effort to complete the Halcon transaction and are subject to restrictions contained in the purchase agreement on the conduct of our business. If the Halcon transaction is not completed, we will receive little or no benefit from these costs. Additionally, if the Halcon transaction is not completed, we may experience negative reactions from the financial markets and our customers, suppliers and employees. Each of these factors may adversely affect the trading price of our common stock.

The completion of the Halcon transaction is subject to the satisfaction or waiver of conditions. The completion of the Halcon transaction is subject to the satisfaction or waiver of a number of conditions set forth in

the purchase agreement. If these conditions are not satisfied or waived, the Halcon transaction will not be completed. Also, even if all of these conditions are satisfied or waived, the proposed transactions may not be completed, as either we or Halcon have the right to terminate the purchase agreement prior to the closing of the Halcon transaction under certain circumstances specified in the purchase agreement. Also, under certain circumstances, we may be obligated to pay a termination fee of up to $5,000,000 in the event the purchase agreement is terminated. See Terms of the Purchase Agreement Termination of the Purchase Agreement and Effect of Termination below.

Use of Proceeds

The net proceeds (after expenses of the transaction, which we estimate to be approximately $327,600,000) from the sale of the securities will be applied to pay in full the $75.0 million balance outstanding under our second lien term loan (which bears interest at LIBOR plus 9.0% with a 2.0% LIBOR floor and matures in September 2016) and pay down to zero the $202.0 balance under our revolving credit facility (which bears interest at LIBOR plus a margin ranging from 2.5% to 3.25% and matures in March 2016), with the balance to be added to our working capital and available for the acquisition, development and exploration of oil and gas properties and for general corporate purposes. As a result of the issuance of the note, our long-term debt is expected to increase by approximately $73.0 million, which represents the original principal amount of the convertible note of $275.0 million to be issued to Halcon less the amount of our existing long-term debt of $202.0 million at December 31, 2011, which we expect to pay down with the proceeds from the Halcon transaction. We currently have no agreements, arrangements or understandings with respect to an acquisition of any entity or business.

Background of the Halcon Transaction

Since late 2008, our board of directors and our management team, and many of our stockholders, have been disappointed with our stock price and the manner in which the capital markets have valued us and our properties. Beginning in the summer of 2009, our board of directors and our management team began discussing the strategic alternatives available to us, which included (a) raising equity, either privately or through a public stock issuance, (b) refinancing our existing debt with a combination of bank debt and high yield notes, (c) executing a significant acquisition and funding it with a combination of equity and one or more new credit facilities, (d) entering into a strategic partnership with a financial or industry partner, and (e) a sale or merger of our company. Over the past two years, our board of directors and our management team have regularly reviewed and evaluated the implementation of these strategies with the goal of enhancing stockholder value.

In early 2010, our management team took part in several meetings and conference calls with Jefferies to discuss valuation estimates, possible sale and refinancing alternatives, and procedures and timing of a possible transaction. In May 2010, our board of directors approved the engagement of, and we engaged, Jefferies as our exclusive financial advisor to assist us with respect to our review and investigation of the strategic alternatives available to us, including the pursuit of a dual track project involving the refinancing of our senior secured credit facility, with a possible combination of high yield debt and a traditional bank credit facility, and a potential sale of our company if, upon receipt of expressions of interest indicating a receptive market and a favorable price, our board of directors decided to proceed with the initiation of a sale process.

As authorized by our board of directors, during May and June of 2010, Jefferies conducted due diligence, identified third parties potentially interested in acquiring us (which we refer to as potential acquirors), and worked with us to complete a Confidential Acquisition Opportunity Memorandum (which we refer to as the Confidential Memorandum) that would be appropriate for a potential acquiror to receive at the first stage of the process of exploring a potential acquisition of our company. During that time frame, we also received proposals from various entities regarding the refinancing of our long term debt.

As authorized by our board of directors, in June 2010, upon completion of the Confidential Memorandum, Jefferies began soliciting interest from potential acquirors. Jefferies made initial contact with over 80 potential

acquirors. Although more than 20 potential acquirors executed confidentiality agreements, received the Confidential Memorandum and conducted some level of due diligence investigation, we received limited and unsatisfactory expressions of interest during the following months.

Specifically, during the late summer and early fall of 2010, we received the following preliminary offers and expressions of interest with respect to acquiring our company, none of which constituted a firm offer, all of which were conditioned upon additional due diligence and some conditioned on available financing (during the period from August 2 through September 30, 2010, our stock traded on the NASDAQ Global Market at closing prices ranging from $2.01 to $1.37 per share, with the closing price on August 2 being $1.99 and the closing price on September 30 being $1.55):

- A preliminary offer from a capital management fund to acquire all of our outstanding capital stock for a purchase price within a range of $1.65 to $1.80 per share, subject to extensive due diligence and other terms. This offer was considered by our board of directors and rejected due to price and uncertainty of execution.

- An expression of interest from a small, private, oil and gas exploration and production company, which we call an E&P company, to acquire all of our outstanding capital stock for a purchase price within a range of $0.70 to $1.33 per share, subject to extensive additional due diligence. This offer was considered by our board of directors and rejected due to price and uncertainty of execution.

- A preliminary, oral expression of interest from an E&P subsidiary of a large public company to acquire all of our outstanding capital stock for a purchase price to be determined after considerable due diligence, but which, based on the total enterprise valuation indicated, would have been well below the then current market price. This proposal was not pursued by our senior management team due to price.

- A preliminary, oral expression of interest from a small, private E&P company to acquire all of our outstanding capital stock for a purchase price to be determined after considerable due diligence, but which, based on the total enterprise valuation indicated, would have been well below the then current market price. The potential acquiror refused our request for additional details of its valuation analysis, essentially terminating the discussions.

Our board of directors met on September 7, 2010, September 10, 2010, September 16, 2010, September 30, 2010, and October 13, 2010 to obtain updates from our management team as to expressions of interest and offers received and to discuss the results of our review of our strategic options. Our board of directors determined that based on the broad solicitation of interest conducted by Jefferies and weak responses received from potential acquirors, a sale of the company at an acceptable price did not appear to be feasible. Our board of directors further determined that, under such circumstances, deleveraging our balance sheet through targeted asset sales and refinancing our existing debt would provide the greatest benefit to our stockholders. Accordingly, our board of directors directed management to pursue targeted assets sales, specifically the divestiture of select non-core, non-operated shale gas assets in Texas and in Oklahoma, with the cash sale proceeds to be applied to reduce our outstanding debt. Our board of directors also determined to continue to evaluate refinancing alternatives with respect to our remaining outstanding debt while asset sales were being completed.

Consistent with this direction and as authorized by our board of directors, Jefferies advised potential acquirors that we would be interested in receiving offers with respect to specific assets packages. As a result, during the fall of 2010 we received the following preliminary offers and expressions of interests from potential acquirors:

- A preliminary offer from a small, recently formed, private E&P company to acquire all of our natural gas properties for $115.0 million, subject to additional due diligence and an independent third party reserve report. This offer was considered by our senior management team and rejected due to strategic impact on our property portfolio, insufficient price and adverse income tax consequences.

- A preliminary offer from a private E&P company to acquire all of our natural gas properties in South Texas for $41.0 million, subject to additional due diligence and an independent third party reserve

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report. The offer was reduced during the due diligence investigation to $35.0 million. The offer was considered by our senior management team and rejected due to insufficient price, uncertainty of execution at the offered price and adverse income tax consequences.

Two preliminary inquiries regarding potential acquisitions of our South Texas properties for indicated prices ranging from $40.0 to $65.0 million, subject to additional due diligence. The $65.0 million offer was subsequently reduced to $25.0 million. We responded to these preliminary inquiries but the potential acquirors did not pursue these potential transactions.

A preliminary inquiry from a private E&P company regarding our Fitts Allen properties indicating a value of approximately $100.0 million, subject to additional due diligence. The offer was subsequently reduced after additional diligence. The offer was considered by our management team and rejected due to insufficient price and adverse income tax consequences.

A preliminary offer from a private E&P company regarding our Fitts Allen and South Texas properties for potential acquiror a price of $157.3 million, subject to additional due diligence and available financing. Subsequently the potential acquiror revised its offer to only include the Fitts Allen properties. This offer was considered by our management team and rejected due to insufficient price and adverse income tax consequences.

A preliminary offer from a private E&P company regarding our Fitts Allen properties for an indicated price range of $60.0 to $80.0 million, subject to additional due diligence. The offer was considered by our senior management team and rejected due to insufficient price and adverse income tax consequences.

A preliminary offer from a private E&P company regarding our Fitts Allen properties for an indicated price range of $110.0 to $120.0 million, subject to additional due diligence. The offer was subsequently reduced after additional diligence. The offer was considered by our management team and rejected due to insufficient price and adverse income tax consequences.

A preliminary offer from a private E&P company regarding our Fitts Allen, Boonsville/Newark East and South Texas properties assets for an indicated price range of $185.0 to $231.0 million, subject to additional due diligence. This offer was considered by our management team and rejected due to insufficient price and adverse income tax consequences.

An offer from Milagro Producing, LLC, a private E&P company, to acquire our North Texas shallow gas and Barnett Shale properties for a price range between $40.0 and $50.0 million. The offer was confirmed by additional due diligence and approved by our board of directors, and the transaction was closed on December 8, 2010 for a purchase price of $43.7 million, subject to customary closing adjustments.

An offer from a private E&P company to acquire our non-operated natural gas shale properties in eastern Oklahoma for $8.0 million. The transaction was closed on December 30, 2010 for a purchase price of $8.0 million, subject to customary closing adjustments.

Throughout the winter of 2010-11, under the direction of our board of directors, Jefferies continued to contact prospective acquirors, both with respect to potential asset sales and a possible sale of the company. Contacts were made with several additional potential acquirors, but no offers or expressions of interest were received for the company and no acceptable offers or expressions of interest were received for specific assets packages. Throughout this period, our board of directors continued to receive updates from our management team and to evaluate our strategic alternatives and business plan for going forward. As a result of these discussions, it became evident to the board of directors that, absent a sale of the company, our path forward would likely be limited to organic growth within our existing asset base, with our ability to access the debt and equity markets dependent to a significant extent on commodity prices and success in our Osage concession.

On February 3, 2011, we announced that our non-acquisition capital budget for 2011 would be $35.0 million and would be funded by internally generated cash flow. On August 8, 2011, we announced that we were reducing

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our non-acquisition capital budget to $29.0 million, and on November 7, 2011, we announced a further reduction to $27.5 million. Absent acquisitions, our ability to grow our reserves, production and revenues is primarily dependent on the successful implementation of our capital budget program.

On February 28, 2011, at a meeting of our board of directors, Mr. Lee reported that our proved reserves at December 31, 2010, were 24.4 million barrels of oil equivalent, which we refer to as BOE, down 28% from 33.9 million BOE at December 31, 2009. He noted that a significant portion of the decline was due to the properties sold in December 2010 and to reserve revisions relating to previously booked proved undeveloped locations. Mr. Lee advised the board of directors that in order to reverse the trend of declining reserves, we would have to access the credit and capital markets in order to support strategic acquisitions and the full development of our Osage concession. At the conclusion of the meeting, Mr. Lee summarized our strategic plan as consisting of three components: (i) making value-accretive acquisitions that could be financed under our senior secured credit facility; (ii) continue our exploration program, particularly in our Osage concession area, and (iii) continue to maximize value from our existing asset base. The board of directors acknowledged that in order to implement this plan, we would, as Mr. Lee stated, have to access the credit and capital markets in order to provide adequate funding.

On March 10, 2011, Mr. Lee advised the board of directors that we had received a preliminary expression of interest from an investment banking firm for the underwriting of a public offering of up to $50.0 million of our common stock, conditioned on the capital markets becoming more receptive to E&P company equity offerings. On that date the closing market price of our stock was $2.09 per share. Our board of directors directed Mr. Lee to continue discussions with the investment banking firm and to be prepared to pursue a possible public offering if and when market conditions permitted. Instead, the market continued to deteriorate and, by late June, the market price of our stock was less than $1.30 per share.

On March 14, 2011, we entered into new senior secured credit facilities. The new facilities, which replaced our previous facility, included a $250.0 million revolving credit facility and a $75.0 million second lien term loan facility.

On March 17, 2011, we entered into an equity distribution agreement with an underwriter and filed a prospectus supplement under our existing shelf registration statement under which we may, from time to time, issue and sell shares of our common stock on the open market up to an aggregate gross sales price of $25.0 million through an at-the-market equity distribution program. Shortly after the filing of the registration statement for the at-the-market offering, the market price of our common stock began a steady decline until, by early August, the price was less than $1.00 per share. As a result we did not then utilize, and have never utilized, the at-the-market facility to sell any shares of our common stock.

In May 2011, we were approached by an investment banking firm expressing an interest in the possible sale of a 90% working interest in our Electra/Burkburnett field in Wichita and Wilbarger Counties, Texas, to a to-be-formed Canadian energy trust in anticipation of its effecting a public offering of trust units. The price range discussed by the investment banking firm was attractive and, accordingly, our board of directors approved going forward with further investigation of the transaction. Argent Energy Trust was formed in the summer of 2011 and filed a preliminary prospectus for an initial public offering with the Alberta Securities Commission in August 2011. Almost immediately after the initial filing, the market for Canadian energy trust units softened and the transaction was put on hold. We continued to pursue the potential sale to Argent through early December 2011 when it was determined that market factors were not favorable for Argent to launch its initial public offering and the transaction could not be completed.

In September 2011, we entered into a confidentiality agreement with a privately held E&P company that expressed interest in acquiring us; however, shortly thereafter and prior to the commencement of a concerted due diligence investigation, the potential acquiror advised us that due to other commitments it no longer was interested in pursuing a transaction.

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Between January and November 2011, we entered into six confidentiality agreements with companies expressing an interest in acquiring various of our oil and natural gas properties. Due diligence was conducted but none of the prospective acquirors submitted a satisfactory offer.

In late October 2011, Mr. Lee was contacted by Mr. Mike Mitchell of Mitchell Energy Advisors, Dallas, Texas, to discuss a proposal for a significant transaction between us and a then-unidentified investment group. On November 1, 2011, Mr. Mitchell and Mr. Lee met in our Tulsa office, at which time Mr. Mitchell laid out the possible terms of a potential recapitalization of us pursuant to a transaction with Halcon, a Delaware limited liability company recently formed by Mr. Floyd C. Wilson for the purpose of recapitalizing an existing, publicly owned, oil and gas exploration company, with the objective of taking control of such company and using the recapitalized company to continue to develop its existing properties and, more importantly, to participate in other, more capital-intensive emerging resource plays. Because Mr. Lee found the potential transaction interesting and was aware of Mr. Wilson s transactional history, excellent reputation, many successes, and likely access to substantial capital resources, he agreed to meet with Mr. Wilson to discuss the potential transaction.

On November 9, 2011, Mr. Lee, Mr. Wilson and Mr. Mitchell met in Dallas, Texas to discuss the proposed Halcon transaction, including a recapitalization involving $250.0 million in equity, a $250.0 million convertible note, and 100 million warrants, at which time Mr. Wilson and Mr. Mitchell presented a set of slides outlining the broad terms of the Halcon transaction. Mr. Wilson stated that he was prepared to start the company-building process again with a new operating and asset base, and that he had identified us as his first choice as the platform for going forward.

On November 10, 2011, Mr. Lee met with Mr. David Stinson of McAfee & Taft, our outside legal counsel, in our Tulsa office to discuss the terms of the proposal. Mr. Lee and Mr. Stinson discussed the similarities of the existing proposal with Mr. Wilson s 2004 recapitalization of Beta Oil & Gas, later renamed Petrohawk Energy Corporation, the success of Petrohawk over the next seven years and the eventual sale of Petrohawk to BHP Billiton in August 2011. They also discussed valuation issues, timing, effect on pending and planned transactions and the mechanics of how the transaction might be consummated if a deal could be made. As a result of that meeting, Mr. Lee telephoned Mr. Mitchell and suggested some changes to the proposed deal terms, essentially increasing the initial equity price from $1.10 to $1.25 per share, a 54% premium over both the 30-day and 90-day average price and a 32% premium to the previous day s closing price, increasing the conversion price of the note from $1.25 to $1.50 per share and increasing the warrant exercise price from $1.10 to $1.50 per share. Later that day, Mr. Mitchell responded with revised slides reflecting the changes proposed by Mr. Lee. As a result of these developments, Mr. Lee concluded that the transaction as proposed was likely to enhance the potential for an increase in stockholder value and should be presented to the board of directors for a determination as to whether management should proceed with further negotiations toward consummating a transaction.

On November 16, 2011, a special meeting of our board of directors was held at the Dallas-Fort Worth International Airport, and after extensive review and discussion of, among other things, Mr. Wilson and his history of success in the oil and gas business, the revised slide presentation outlining the proposed terms of the transaction, valuations, timing, and potential effect of the transaction on existing projects and plans, the board of directors determined that we should continue to pursue the proposed transaction.

On November 17, 2011, we contacted Jefferies to inform Jefferies of the proposed Halcon transaction. Jefferies, which together with its affiliates is our largest stockholder, owns approximately 21.8% of our outstanding common stock. Based on this conversation, we believed Jefferies would be in favor of continuing to pursue the transaction. Following this initial contact, we continued to keep Jefferies apprised of material developments with respect to the Halcon transaction.

On November 18, 2011, we received drafts of a term sheet and an exclusivity letter with respect to the Halcon transaction. The material terms proposed in the term sheet were essentially as discussed in the preliminary discussions between Mr. Lee and Mr. Wilson; however, we proposed and Halcon accepted certain

clarifications with respect to the use of proceeds, terms of the payment-in-kind option under the note, the number of demand registration rights and the timing for delivery of written consents by our majority stockholders. Counsel for Halcon explained that Halcon also desired an exclusivity agreement to ensure we would not seek other purchasers or recapitalization partners during a relatively brief due diligence period, and we accepted the proposal subject to a reciprocal agreement by Halcon to not pursue an investment in another public company during the exclusivity period.

On November 21 and 22, 2011, Mr. Lee discussed by telephone with Mr. Wilson on several occasions the terms of the proposed transaction and of the requested exclusivity agreement.

On November 22, 2011, a special meeting of our board of directors was called and conducted by telephone conference call to update the members of the board concerning the status of the Halcon transaction. The board members discussed the drafts of the term sheet and exclusivity letter furnished to them in advance of the meeting and other factors, including the required fairness opinion. The board of directors determined that management should continue to pursue the proposed Halcon transaction on the terms outlined in the term sheet, execute the exclusivity agreement, and contact Jefferies to prepare a fairness opinion for the board of directors with respect to the transaction. Later that day, the parties acknowledged an agreement in principle with respect to the terms set out in the term sheet and executed and delivered the exclusivity letter. On that day our common stock closed at $1.12 per share, which was the highest closing price in four months.

On November 23, 2011, Halcon commenced its extensive due diligence investigation of us and our properties. The due diligence investigation continued through December 21, 2011, when the definitive securities purchase agreement was executed and delivered by and between us and Halcon.

On November 28, 2011, Mr. Lee traveled to Houston and met in Jefferies offices to discuss the proposed transaction and the preparation of a fairness opinion for the board of directors.

On November 29, 2011, Mr. Wilson and a due diligence team from Halcon visited our Tulsa offices and met with Mr. Lee and the management team.

On December 1, 2011, Mr. Lee was contacted by Mr. Mitchell and advised that Mr. Wilson desired to increase the size of his investment in us by $50.0 million, split evenly between the initial common stock purchase and the convertible note and warrants. Mr. Mitchell then provided a revised pro forma analysis reflecting the increased deal size. Mr. Lee discussed the proposal with Mr. Les Austin, our senior vice president and chief operating and financial officer, and Mr. Stinson and advised the members of the board of the updated terms of Halcon s proposal. The following day Mr. Lee further discussed by telephone the upsizing proposal with Mr. Mitchell and on December 5, 2011, participated in telephone conversations with both Mr. Mitchell and Mr. Wilson concerning the upsized transaction.

On December 6 and 7, 2011, Mr. Lee participated in several telephone calls with Mr. Mitchell and Mr. Wilson concerning issues identified in the ongoing due diligence investigation undertaken by Halcon. Also on December 7, 2011, Mr. Lee telephoned Jefferies to discuss the status of the fairness opinion and the need to enter into a new engagement letter with Jefferies regarding the Halcon transaction and delivery of Jefferies fairness opinion because the May 6, 2010 engagement letter between us and Jefferies was terminated effective November 28, 2011.

On December 12, 2011, Mr. Lee telephoned Mr. Mitchell to discuss the status of the Halcon due diligence investigation and documentation of the transaction.

On December 13, 2011, Mr. Lee, Mr. Stinson and Mr. Gerald Marshall, a member of our board of directors, met in our Tulsa, Oklahoma office with Ms. Britani Talley Bowman, the beneficial owner of 9,500,000 shares of our outstanding common stock, for the purpose of informing Ms. Bowman of the proposed transaction,

furnishing Ms. Bowman a preliminary draft of this information statement and discussing in detail the terms of the proposed transaction and the possible timeline for accomplishing it.

Later on December 13, 2011, Mr. Lee, Mr. Mitchell and Mr. Wilson participated in a status update telephone conference call, which calls continued on a daily basis through December 16, 2011.

On December 16, 2011, we entered into a new engagement letter with Jefferies whereby we engaged Jefferies to be our exclusive financial advisor in connection with the Halcon transaction and to provide a fairness opinion with respect to the consideration to be received by us under the Halcon transaction.

On December 17, 2011, Mr. Lee and Mr. Mitchell exchanged telephone calls concerning pending issues in connection with the transaction.

On December 19, 2011, our board of directors met in Dallas, Texas with representatives of Jefferies where Jefferies rendered its opinion that, as of December 19, 2011, and based upon and subject to the various assumptions made, procedures followed, matters considered and limitations on the review undertaken as set forth in Jefferies opinion, the aggregate purchase price to be received by us under the Halcon transaction in consideration for 220,000,000 shares of our common stock, the note and the warrants was fair, from a financial point of view, to us. Our board of directors then received a report from Mr. Lee and Mr. Stinson regarding the status of the transaction and issues remaining to be negotiated under the purchase agreement. Our board then engaged in a detailed analysis and discussion of the proposed transaction and determined to review all documents and reconvene on Wednesday, December 21, by telephone conference call, for further discussion and consideration.

On December 19, 2011, following our board of directors meeting, Mr. Lee telephoned Mr. Wilson and Mr. Mitchell for a status update and to advise that Jefferies had rendered its fairness opinion. On December 20, 2011, Messrs. Lee and Austin, along with Mr. Stinson and other members of our outside counsel team, participated in a lengthy drafting session conference call with Mr. Mize, Halcon s chief financial officer, and members of Halcon s outside counsel team, during which substantially all outstanding issues under the purchase agreement were resolved and considerable progress was made toward finalizing the transaction documents.

On December 21, 2011, our board of directors met by telephone conference call and after thoroughly discussing our current situation, the alternatives available to us, the benefits of the proposed transaction, the terms of the transaction and the procedures to effect same, and the transaction documents, approved the Halcon transaction and all matters related thereto requiring board approval, and resolved to recommend to our stockholders approval of those aspects of the transaction that require stockholder approval.

We executed and delivered the definitive purchase agreement with Halcon on December 21, 2011. Contemporaneously with the execution of the purchase agreement, our majority stockholders executed and delivered to Halcon an agreement whereby such stockholders agreed to sign a written consent or otherwise vote in favor of approving all aspects of the Halcon transaction and related matters that require approval by our stockholders and to deliver the signed written consent to us not later than January 20, 2012. On December 22, 2011, we issued a press release announcing the transaction and filed a Form 8-K with the SEC disclosing the transaction and including the material agreements as exhibits. On January , 2012, we delivered to Halcon the written consent in lieu of meeting described above, whereby our majority stockholders approved the Halcon transaction, the amendments to our certificate of incorporation described under Amendments to our Certificate of Incorporation below and related matters. With the exception of Mr. Lee, who will receive severance benefits under his employment agreement, and the members of our board of directors and the outside consultant to our board who will receive the acceleration of vesting of restricted stock awards previously granted to such persons and scheduled to vest in May 2012, no stockholder signing the written consent will be entitled to receive any payment or other economic benefit in connection with the closing of the Halcon transaction.

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On January 4, 2012, we and Halcon amended the purchase agreement to more accurately reflect each party s intention that the period of time during which we may consider acquisition proposals from other parties terminates upon delivery of the written consent by the majority stockholders.

Reasons for the Halcon Transaction and Board Recommendation

Our board of directors determined that the Halcon transaction would be the most suitable and obtainable means to pursue our accelerated growth strategy, and that the transaction was fair to and in the best interests of both us and our stockholders. In making this determination, our board of directors considered all of the risk factors described above under the sub-caption Certain Risks Associated with the Halcon Transaction and the following additional important factors:

- the significant amount of new capital to be contributed by Halcon should allow us to accelerate our growth strategy with respect to our existing properties;

- the significant amount of new capital to be contributed by Halcon should allow us to participate in emerging resource plays and further broaden the geographical and economic scope of areas, plays and prospects in which we are financially capable of participating;

- the Halcon transaction will result in a substantial increase in our liquidity and will result in our being financially well positioned for growth and success without third party constraints and restrictions because, although our overall indebtedness will increase by approximately $73.0 million, our working capital will increase by approximately $331.0 million;

- Mr. Wilson, the principal member and manager of Halcon, is experienced and has a successful track record in attracting an experienced and effective management team and aggressively growing the stockholder value of energy companies;

- our board s determination that an accelerated growth strategy should be pursued as soon as practicable;

- the terms of the Halcon transaction, and our board s determination that the purchase prices for the securities were reasonable and fair to us and to our stockholders;

- the investment and growth objectives of Halcon;

- the opinion of Jefferies that, as of December 19, 2011, and based upon and subject to the various assumptions made, procedures followed, matters considered and limitations on the review undertaken as set forth in Jefferies opinion, the aggregate purchase price to be received by us under the Halcon transaction in consideration for 220,000,000 shares of our common stock, the note and the warrants was fair, from a financial point of view, to us; and

- the absence of any third party offer or proposed transaction providing comparable benefits to us, and the risk that such an alternative transaction might not be available in the foreseeable future, and that we would not have sufficient capital to fund our long-term operations and growth strategy.

The board of directors did not assign relative weight to these factors or consider that any factor was of overriding importance. The board of directors evaluated the Halcon transaction based upon the totality of the factors and all of the information available to it for consideration.

Recent Developments

Halcon has advised us that, following consummation of the Halcon transaction, RAM will concentrate its acquisition, exploration and development efforts in emerging liquids-rich resource plays, in which relatively recent technological developments such as three-dimensional (3D) seismography, horizontal drilling and multi-stage hydraulic fracturing have proven to be effective in enhancing production in unconventional resource plays at attractive rates of return. Halcon also expects to continue evaluation and development of RAM s existing large

oil and natural gas projects in the Electra/Burkburnett field in Wichita and Wilbarger Counties, Texas and the Fitts-Allen field in Pontotoc and Seminole Counties, Oklahoma and anticipates that we will begin horizontal development of the Mississippian Lime formation on our acreage position in Osage County, Oklahoma.

Based on the foregoing, we expect that, following consummation of the Halcon transaction, capital spending for both acquisitions and drilling will be substantially higher than our historical capital expenditures. We cannot assure you that we will be successful in economically acquiring or developing any new acreage, in growing our reserves or production or otherwise profitably deploying the capital invested in us by Halcon.

Jefferies Fairness Opinion

We retained Jefferies to provide us with financial advisory services in connection with the Halcon transaction and an opinion as to the fairness to us of the consideration to be received by us in connection with the Halcon transaction. At the meeting of our board of directors on December 19, 2011, Jefferies rendered its opinion to our board of directors to the effect that, as of December 19, 2011, and based upon and subject to the various assumptions made, procedures followed, matters considered and limitations on the review undertaken as set forth therein, the aggregate purchase price to be received by us under the Halcon transaction in consideration for 220,000,000 shares of our common stock, the note and the warrants was fair, from a financial point of view, to us.

The full text of the written opinion of Jefferies, dated as of December 19, 2011, is attached hereto as Appendix G. The opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken by Jefferies in rendering its opinion. We encourage you to read the opinion carefully and in its entirety. Jefferies opinion is directed to our board of directors and addresses only the fairness from a financial point of view of the consideration to be received by us under the Halcon transaction for 220,000,000 shares of our common stock, the note and the warrants as of the date of the opinion. It does not address any other aspects of the Halcon transaction and does not constitute a recommendation as to how any stockholder should vote with respect to the issuance of 220,000,000 shares of our common stock, the note and the warrants in connection with the Halcon transaction or any matter relating thereto. The summary of the opinion of Jefferies set forth below is qualified in its entirety by reference to the full text of the opinion.

Except as otherwise expressly provided in Jefferies engagement letter with us, Jefferies opinion may not be used or referred to by us, or quoted or disclosed to any person in any matter, without Jefferies prior written consent. Jefferies has expressly consented to the inclusion of its opinion in this information statement.

In arriving at its opinion, Jefferies, among other things:

- reviewed a draft dated December 14, 2011 of the purchase agreement;
- reviewed certain publicly available financial and other information about us;
- reviewed certain information furnished to Jefferies by our management, including financial forecasts and analyses relating to our business, operations and prospects;
- held discussions with members of our senior management concerning the matters described in the prior two bullet points;
- reviewed the share trading price history and valuation multiples for common stock and compared them with those of certain publicly traded companies that Jefferies deemed relevant;
- compared the proposed financial terms of the Halcon transaction with the financial terms of certain other corporate-level transactions that Jefferies deemed relevant;

compared the proposed financial terms of the Halcon transaction with the financial terms of certain other asset transactions that Jefferies deemed relevant;

performed a premiums paid analysis based on the premiums paid in certain corporate-level transactions Jefferies deemed relevant and the historical trading prices of shares of our common stock;

performed a discounted cash flow analysis, based on projections provided by our management to analyze the present value of the future unlevered cash flow streams that our management expects to generate;

performed a net asset value analysis, based on the sum of (i) the present value of the field level before-tax future cash flows expected from proved reserves (applying a range of discount rates, commodity prices and market risk factors based on reserve category), (ii) estimated market value of undeveloped acreage (based on precedent transactions and Jefferies experience as M&A professionals in the oil & gas industry) and (iii) the present value of oil and gas hedges;

reviewed certain proved oil and gas reserve data as of December 31, 2010 furnished to Jefferies by us and available in our public filings and certain proved oil and gas reserve data as of October 1, 2011 prepared and furnished to Jefferies by us; and

conducted such other financial studies, analyses and investigations as Jefferies deemed appropriate.

In Jefferies review and analysis and in rendering its opinion, Jefferies assumed and relied upon, but did not assume any responsibility to independently investigate or verify, the accuracy and completeness of all financial and other information that was supplied or otherwise made available by us to Jefferies or that was publicly available (including, without limitation, the information described above), or that was otherwise reviewed by Jefferies. Jefferies relied on assurances of our management that management was not aware of any facts or circumstances that would make such information inaccurate or misleading. In its review, Jefferies did not obtain any independent evaluation or appraisal of any of our assets or liabilities, nor did Jefferies conduct a physical inspection of any of our properties or facilities. Jefferies was not furnished with any such evaluations or appraisals and did not assume any responsibility to obtain any such evaluations or appraisals.

With respect to the financial forecasts provided to and examined by Jefferies, Jefferies opinion noted that projecting future results of any company is inherently subject to uncertainty. We informed Jefferies, however, and Jefferies assumed, that such financial forecasts were reasonably prepared on bases reflecting the best currently available estimates and good faith judgments of our management as to our future financial performance. Jefferies expressed no opinion as to our financial forecasts provided to Jefferies by us or the assumptions on which they were made.

Jefferies opinion was based on economic, monetary, regulatory, market and other conditions that existed and could be evaluated as of the date of its opinion. Jefferies has not undertaken to reaffirm or revise its opinion or otherwise comment upon events occurring after the date of its opinion and expressly disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting Jefferies opinion of which Jefferies became aware after the date of its opinion.

Jefferies made no independent investigation of any legal or accounting matters affecting us, and Jefferies assumed the correctness in all respects material to Jefferies analysis of all legal and accounting advice given to us and our board of directors, including, without limitation, advice as to the legal, accounting and tax consequences to us of the terms of, and transactions contemplated by, the purchase agreement. In rendering its opinion, Jefferies assumed that the final form of the purchase agreement would be substantially similar to the last draft reviewed by Jefferies. Jefferies also assumed that in the course of obtaining the necessary regulatory or third party approvals, consents and releases for the Halcon transaction, no delay, limitation, restriction or condition would be imposed that would have an adverse effect on us or the contemplated benefits of the Halcon transaction.

Jefferies opinion was for the use and benefit of our board of directors in its consideration of the Halcon transaction, and Jefferies opinion did not address the relative merits of the transactions contemplated by the

purchase agreement as compared to any alternative transaction or opportunity that might be available to us, nor did it address the underlying business decision by us to engage in the Halcon transaction or the terms of the purchase agreement or the documents referred to therein. Jefferies opinion does not constitute a recommendation as to how any stockholder should vote with respect to the issuance of 220,000,000 shares of our common stock in connection with the Halcon transaction or any matter relating thereto. In addition, Jefferies was not asked to address, and its opinion did not address, the fairness to, or any other consideration of, the holders of any class of our securities, our creditors or our other constituencies. Jefferies expressed no opinion as to the price at which shares of our common stock, the note or the warrants will trade at any time. Jefferies did not express any view or opinion as to the fairness, financial or otherwise, of the amount or nature of any compensation payable or to be received by any of our officers, directors or employees, or any class of such persons, in connection with the Halcon transaction, whether relative to the consideration to be received by us or otherwise. Jefferies opinion was authorized by the Fairness Committee of Jefferies & Company, Inc.

In preparing its opinion, Jefferies performed a variety of financial and comparative analyses. The preparation of a fairness opinion is a complex process involving various determinations as to the most appropriate and relevant quantitative and qualitative methods of financial analysis and the applications of those methods to the particular circumstances and, therefore, is not necessarily susceptible to partial analysis or summary description. Jefferies believes that its analyses must be considered as a whole. Considering any portion of Jefferies analyses or the factors considered by Jefferies, without considering all analyses and factors, could create a misleading or incomplete view of the process underlying the conclusion expressed in Jefferies opinion. In addition, Jefferies may have given various analyses more or less weight than other analyses, and may have deemed various assumptions more or less probable than other assumptions, so that the range of valuations resulting from any particular analysis described below should not be taken to be Jefferies view of our actual value. Accordingly, the conclusions reached by Jefferies are based on all analyses and factors taken as a whole and also on the application of Jefferies own experience and judgment.

In performing its analyses, Jefferies made numerous assumptions with respect to industry performance, general business, economic, monetary, regulatory, market and other conditions and other matters, many of which are beyond our and Jefferies control. The analyses performed by Jefferies are not necessarily indicative of actual values or actual future results, which may be significantly more or less favorable than suggested by such analyses. In addition, analyses relating to the per share value of shares of our common stock do not purport to be appraisals or to reflect the prices at which shares of our common stock may actually be sold. The analyses performed were prepared solely as part of Jefferies analysis of the fairness, from a financial point of view, of the aggregate purchase price to be received by us under the Halcon transaction in consideration for the 220,000,000 shares of our common stock, the note and the warrants, and were provided to our board of directors in connection with the delivery of Jefferies opinion.

The following is a summary of the material financial and comparative analyses performed by Jefferies in connection with Jefferies delivery of its opinion to our board of directors on December 19, 2011. The financial analyses summarized below include information presented in tabular format. In order to fully understand Jefferies financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data described below without considering the full narrative descriptions of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Jefferies financial analyses.

Transaction Overview

Jefferies valued the issuances of each of the 220,000,000 shares of our common stock, the note and the warrants based on the cash consideration for 220,000,000 shares of our common stock, the premium/discount at which the note is issued to the estimated fair market value of the note based on the Kynex convertible valuation model and the Black-Scholes options pricing model for the warrants. Using the Kynex convertible valuation model and based on the note s $275 million principal amount, Jefferies determined that the premium/discount to

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the estimated fair market value of the note would range from a $3.6 million premium to a $25.7 million discount, for a range of note values from $271.4 million to $300.7 million. Using the Black-Scholes options pricing model, Jefferies determined that the value of the warrants would range from $10.2 million to $19.4 million. Combining these two ranges together, Jefferies calculated that the combined value of the note and the warrants ranged from $281.6 million to $320.1 million. Jefferies then subtracted this aggregate range of values to determine how much of the total $550 million purchase price should be allocated to the purchase of 220,000,000 shares of our common stock. As a result of this calculation, Jefferies determined that $229.8 million to $268.4 million should be allocated to the purchase of 220,000,000 shares of our common stock, resulting in net consideration per share of common stock of $1.04 to $1.22.

Selected Public Company Analysis

Using publicly available information and information provided by our management, Jefferies analyzed our trading multiples and the corresponding trading multiples of the following publicly-traded companies with assets, operating and financial characteristics or growth prospects similar to ours. These companies are referred to as the Selected Public Companies :

- Abraxas Petroleum Corporation,
- Approach Resources Inc.,
- Berry Petroleum Company,
- Clayton Williams Energy, Inc.,
- Crimson Exploration Inc.,
- Penn Virginia Corporation,
- PetroQuest Energy, Inc.,
- Resolute Energy Corporation,
- Swift Energy Company, and
- Warren Resources, Inc.

In its analysis, Jefferies derived and compared multiples for us and the Selected Public Companies, calculated and referred to as follows:

- Enterprise value divided by proved reserves, which is referred to as Enterprise Value / Proved Reserves ;
- Enterprise value divided by average daily production, which is referred to as Enterprise Value / Daily Production ;

Enterprise value divided by projected EBITDA for calendar year 2011 (2011E EBITDA), which is referred to as Enterprise Value / 2011E EBITDA ; and

Enterprise value divided by projected EBITDA for calendar year 2012 (2012E EBITDA), which is referred to as Enterprise Value / 2012E EBITDA.

This analysis indicated the following:

Selected Public Company Multiples

Benchmark	**High**	**Low**	**Mean**	**Median**
Enterprise Value / Proved Reserves ($/Boe)	26.81	5.47	14.54	13.54
Enterprise Value / Daily Production ($/Boe/d)	145,033	37,885	78,180	75,141
Enterprise Value / 2011E EBITDA	13.0x	4.0x	7.3x	6.0x
Enterprise Value / 2012E EBITDA	9.4x	3.1x	5.7x	5.4x

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Using a reference range of $13.00 to $15.00 per Boe, and based on our December 31, 2010 proved reserves figure of 24.4 MMBoe (as we reported in our Annual Report on Form 10-K as of December 31, 2010 (the 2010 Annual Report)), Jefferies determined an implied enterprise value for us, then subtracted approximately $200 million of indebtedness, net of cash and cash equivalents (Net Indebtedness) as we reported in our Quarterly Report on Form 10-Q as of September 30, 2011 (the Third Quarter Report) to determine an implied equity value. Based on approximately 78 million shares of our common stock that were outstanding as of November 30, 2011 on a fully diluted basis (Fully Diluted Shares), this analysis indicated a range of implied values per share of our common stock of approximately $1.50 to $2.12, compared to the consideration of $1.04 to $1.22 per share of our common stock.

Using a reference range of $70,000 to $90,000 per Boe/d, and based on our average daily production of 3.9 MBoe for the third quarter of 2011 (as we reported in the Third Quarter Report), Jefferies determined an implied enterprise value for us, then subtracted Net Indebtedness to determine an implied equity value. Based on the number of Fully Diluted Shares, this analysis indicated a range of implied values per share of our common stock of approximately $0.95 to $1.96, compared to the consideration of $1.04 to $1.22 per share of our common Stock.

Using a reference range of 5.5x to 6.5x our 2011E EBITDA and 5.0x to 6.0x our 2012E EBITDA, and based on our 2011E EBITDA of $46.0 million and our 2012E EBITDA of $54.5 million (in each case, as projected by management), Jefferies determined an implied enterprise value for us, then subtracted Net Indebtedness to determine an implied equity value. Based on the number of Fully Diluted Shares, this analysis indicated a range of implied values per share of our common stock of approximately $0.67 to $1.26 using our 2011E EBITDA and $0.92 to $1.62 using our 2012E EBITDA, compared, in each case, to the consideration of $1.04 to $1.22 per share of our common stock.

None of the Selected Public Companies utilized in the selected public company analysis is identical to us. In evaluating the selected public companies that would comprise the Selected Public Companies, Jefferies made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond our and Jefferies control. Mathematical analysis, such as determining the mean or median, is not in itself a meaningful method of using comparable company data.

Selected Corporate-Level Transactions Analysis

Using publicly available information, Jefferies examined the following nine corporate-level transactions, which consisted of domestic exploration and production company transactions announced since January 1, 2005 with a target company transaction value between $100 million and $2 billion and involving a change of control of the target company (the Selected Comparable Corporate-Level Transactions). Similar corporate-level transactions that involved related parties, non-domestic targets or targets with no securities traded on a domestic national securities exchange were not included for purposes of this analysis. Furthermore, transactions that did not involve a change of control were not included for purposes of the analysis. Hess Corporation s acquisition of American Oil & Gas, Inc. was also not included in the analysis because relevant metrics were not meaningful.

The following table sets forth the Selected Comparable Corporate-Level Transactions considered and their respective dates of announcement:

Date	**Buyer**	**Seller**
06/02/2010	SandRidge Energy, Inc.	Arena Resources, Inc.
12/23/2009	Alta Mesa Holdings, LP	The Meridian Resource Corporation
09/15/2009	Apollo Global Management, LLC	Parallel Petroleum Corporation
04/30/2008	Stone Energy Corporation	Bois d Arc Energy, Inc.
01/19/2007	Sterling Energy plc	Whittier Energy Corporation
01/07/2007	Forest Oil Corporation	The Houston Exploration Company
04/21/2006	Petrohawk Energy Corporation	KCS Energy, Inc.
01/23/2006	Helix Energy Solutions Group, Inc	Remington Oil and Gas Corporation
04/04/2005	Petrohawk Energy Corporation	Mission Resources Corporation

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Using information provided by our management and publicly available financial information for each of these transactions, Jefferies analyzed our transaction multiples and the corresponding transaction multiples of the target companies in the foregoing Selected Comparable Corporate-Level Transactions. In its analysis, Jefferies derived and compared multiples for us and such target companies, calculated and referred to as follows:

- the transaction value divided by last twelve months, or LTM, EBITDA immediately preceding announcement of the transaction, which is referred to as Transaction Value / LTM EBITDA ;
- the transaction value divided by proved reserves (based on the most recently available public data at the date of announcement), which is referred to as Transaction Value / Proved Reserves ; and
- the transaction value divided by daily production as of the immediately preceding quarter, which is referred to as Transaction Value / Daily Production.

This analysis indicated the following:

Selected Comparable Corporate-Level Transactions Multiples

Benchmark	High	Low	Mean	Median
Transaction Value / LTM EBITDA	9.5x	2.7x	6.5x	6.6x
Transaction Value / Proved Reserves ($/Boe)	27.99	10.07	19.38	18.51
Transaction Value / Daily Production ($/Boe/d)	156,009	24,731	74,650	71,968

Using a reference range of 5.0x to 7.0x our LTM EBITDA, and based on our LTM EBITDA of $48.5 million, Jefferies determined an implied enterprise value for us, then subtracted Net Indebtedness to determine an implied equity value. Based on the number of Fully Diluted Shares, this analysis indicated a range of implied values per share of our common stock of approximately $0.54 to $1.78, compared to the consideration of $1.04 to $1.22 per share of our common stock.

Using a reference range of $17.50 to $22.50 per Boe, and based on our December 31, 2010 proved reserves figure of 24.4 MMBoe (as we reported in the 2010 Annual Report), Jefferies determined an implied enterprise value for us, then subtracted Net Indebtedness to determine an implied equity value. Based on the number of Fully Diluted Shares, this analysis indicated a range of implied values per share of our common stock of approximately $2.90 to $4.47, compared to the consideration of $1.04 to $1.22 per share of our common stock.

Using a reference range of $65,000 to $75,000 per Boe/d, and based on our average daily production of 3.9 MBoe for the third quarter of 2011 (as we reported in the Third Quarter Report), Jefferies determined an implied enterprise value for us, then subtracted Net Indebtedness to determine an implied equity value. Based on the number of Fully Diluted Shares, this analysis indicated a range of implied values per share of our common stock of approximately $0.70 to $1.20, compared to the consideration of $1.04 to $1.22 per share of our common stock.

No Selected Comparable Corporate-Level Transaction utilized as a comparison in the selected transaction analysis is identical to the Halcon transaction. In evaluating the Halcon transaction, Jefferies made numerous judgments and assumptions with regard to industry performance, general business, economic, market, and financial conditions and other matters, many of which are beyond our and Jefferies control. Mathematical analysis, such as determining the mean or median, is not in itself a meaningful method of using selected transaction data.

Selected Asset Transactions Analysis

Using publicly available and certain other database information available to Jefferies, Jefferies examined the following 22 asset sale transactions, which consisted of conventional Gulf Coast, Texas, Rocky Mountain and Mid-Continent asset transactions announced since January 1, 2010 with transaction values between $50 million and $1 billion (the Selected Comparable Asset Transactions).

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The following table sets forth the Selected Comparable Asset Transactions considered and their respective dates of announcement:

Date	Buyer	Seller	Asset Description
12/12/2011	Troika I Fund, L.P.; Patara Oil & Gas LLC	Apache Corporation	Producing East Texas gas assets
11/04/2011	Undisclosed	Plains Exploration & Production Company	Producing South Texas gas assets
11/04/2011	Linn Energy, LLC	Plains Exploration & Production Company	Producing Texas Panhandle assets
09/12/2011	QR Energy, LP	Quantum Resources Fund	Gas-weighted Permian and Mid-Continent producing assets
08/17/2011	EnergyQuest II, LLC	Swift Energy Company	Gas-weighted producing assets in South Louisiana, Texas and Alabama
07/27/2011	BreitBurn Energy Partners L.P.	Cabot Oil & Gas Corporation	Gas-weighted producing assets in Wyoming, Colorado and Utah
06/06/2011	Linc Energy Limited	ERG Resources, LLC	13 producing Gulf Coast oil fields
04/26/2011	Equal Energy Ltd.	Petroflow Energy Ltd.	Producing interests in Oklahoma s Hunton play
04/15/2011	Parallel Energy Trust	Bravo Natural Gas LLC	51% stake in West Panhandle Field property
03/03/2011	Legend Natural Gas, LP	Smith Production Inc.	Majority interest in Samano and Santa Fe Vicksburg fields
01/18/2011	Gulf Coast Energy Resources, LLC	Cypress E&P Corporation	Producing assets in Texas Wilcox trend
10/12/2010	Petro Harvester Oil & Gas, LLC; TPG Capital LP	Comstock Resources, Inc.	Laurel and Maxie fields in Mississippi
08/10/2010	EV Energy Partners, L.P.	Petrohawk Energy Corporation	Producing Mid-Continent gas-weighted properties
07/19/2010	Linn Energy, LLC	Undisclosed	Producing East Texas oil-weighted assets
06/07/2010	WildHorse Resources LLC	Clayton Williams Energy Inc	North Louisiana gas-weighted producing assets
06/03/2010	Citation Oil & Gas Corp	Noble Energy Inc	Producing Mid-Continent properties
05/03/2010	Vanguard Natural Resources, LLC	Undisclosed	Producing properties in Mississippi, Texas and New Mexico
03/15/2010	WildHorse Resources, LLC	Petrohawk Energy Corporation	96% operated interest in producing Terryville Field
03/15/2010	Fidelity Exploration & Production Company; MDU Resources Group, Inc.	Undisclosed	Producing gas properties in the Green River Basin
03/01/2010	Undisclosed	Petrohawk Energy Corporation	Producing West Edmond Hunton Lime Unit Field in Oklahoma
01/07/2010	3 Forks Energy Partners; GE Energy Financial Services	SM Energy Company	Producing properties in North Dakota
01/04/2010	Undisclosed	Ellora Energy, Inc.	Producing properties in Kansas (Hugoton Field) and Colorado

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Using information provided by our management, publicly available financial information and certain other database information available to Jefferies for each of these transactions, Jefferies analyzed our transaction multiples and the corresponding transaction multiples of the target assets in the foregoing Selected Comparable Asset Transactions. In its analysis, Jefferies derived and compared Transaction Value / Proved Reserves and Transaction Value / Daily Production multiples for us and such target assets. This analysis indicated the following:

Selected Asset Transactions Multiples

Benchmark	High	Low	Mean	Median
Transaction Value / Proved Reserves ($/Boe)	40.43	3.48	14.65	12.78
Transaction Value / Daily Production ($/Boe/d)	133,059	28,290	63,199	56,600

Using a reference range of $11.50 to $13.50 per Boe, and based on our December 31, 2010 proved reserves figure of 24.4 MMBoe (as we reported in the 2010 Annual Report), Jefferies determined an implied enterprise value us, then subtracted Net Indebtedness to determine an implied equity value. Based on the number of Fully Diluted Shares, this analysis indicated a range of implied values per share of our common stock of approximately $1.03 to $1.65, compared to the consideration of $1.04 to $1.22 per share of our common stock.

Using a reference range of $50,000 to $70,000 per Boe/d, and based on our average daily production of 3.9 MBoe for the third quarter of 2011 (as we reported in the Third Quarter Report), Jefferies determined an implied enterprise value for us, then subtracted Net Indebtedness to determine an implied equity value. Based on the number of Fully Diluted Shares, this analysis indicated a range of implied values per share of our common stock of approximately $0.00 to $0.95, compared to the consideration of $1.04 to $1.22 per share of our common stock.

No Selected Asset Transaction utilized as a comparison in the selected transaction analysis is identical to the Halcon transaction. In evaluating the Halcon transaction, Jefferies made numerous judgments and assumptions with regard to industry performance, general business, economic, market, and financial conditions and other matters, many of which are beyond our and Jefferies control. Mathematical analysis, such as determining the mean or median, is not in itself a meaningful method of using selected transaction data.

Discounted Cash Flow Analysis

Jefferies performed a discounted cash flow analysis to estimate the present value of our unlevered free cash flows through the fiscal year ending December 31, 2016. In this analysis, unlevered free cash flow, which is our projected earnings before interest and taxes, or EBIT, minus cash taxes, minus its projected capital expenditures, minus the projected changes in net working capital and plus depreciation and amortization, was calculated using the forecasts we provided to Jefferies. Jefferies prepared this analysis based on (i) the weighted average cost of capital calculated using the median of the Selected Public Companies unlevered beta and debt to total capitalization and (ii) the weighted average cost of capital calculated using our unlevered beta and debt to total capitalization.

Using financial projections provided by our management, discount rates from 18.2% to 19.2% (based on the 18.7% weighted-average cost of capital calculated using the median of the Selected Public Companies unlevered betas of 1.58 and debt to total capitalization of 29% as derived by Jefferies), and, for the purpose of calculating our terminal value at the end of the forecast period, a range of terminal exit multiples of 5.0x to 7.0x, Jefferies derived a range of implied enterprise values for us. Jefferies then subtracted Net Indebtedness to the implied enterprise value for us to determine a range of our implied equity values. Based on the number of Fully Diluted Shares, this analysis indicated a range of implied values per share of our common stock of approximately $0.00 to $0.21, compared to the consideration of $1.04 to $1.22 per share of our common stock.

Using financial projections provided by our management, discount rates from 8.9% to 9.9% (based on the 9.4% weighted-average cost of capital calculated using our unlevered beta of 0.57 and debt to total capitalization of

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69% as derived by Jefferies), and, for the purpose of calculating our terminal value at the end of the forecast period, a range terminal exit multiples of 5.0x to 7.0x, Jefferies derived a range of implied enterprise values for us. Jefferies then subtracted Net Indebtedness to the implied enterprise value for us to determine a range of our implied equity values. Based on the number of Fully Diluted Shares, this analysis indicated a range of implied values per share of our common stock of approximately $0.55 to $1.48, compared to the consideration of $1.04 to $1.22 per share of our common stock.

Net Asset Value Analysis

Jefferies performed a net asset value, or NAV, analysis for us by combining the present value of the future before-tax cash flows expected from our proved reserves, the estimated market value of our undeveloped acreage and the present value of our oil and gas hedges. Using our estimated proved reserves of 22.5 MMBoe as of October 1, 2011 (as provided by management), a range of discount rates, commodity prices and market risk factors based on reserve category, a range of estimated market values for our 56,320 undeveloped Mississippian acres (as provided by management), as estimated by Jefferies based on precedent transactions and its experience as M&A professionals in the oil and gas industry, and a present value of our oil and gas hedges of $4.5 million, Jefferies derived a range of implied enterprise values for us. Jefferies then subtracted Net Indebtedness to the implied enterprise value for us to determine a range of our implied equity values. Based on the number of Fully Diluted Shares, this analysis indicated a range of implied values per share of our common stock of approximately $0.83 to $1.85, compared to the consideration of $1.04 to $1.22 per share of our common stock.

Premiums Paid Analysis

Using publicly available information and certain other database information available to Jefferies, Jefferies examined the following 21 general corporate-level transactions, which consisted of domestic company transactions announced since January 1, 2010 with a target company transaction value between $50 million and $200 million (the Selected General Corporate-Level Transactions). Jefferies used the Selected General Corporate-Level Transactions and not the Selected Comparable Corporate-Level Transactions for this analysis to include a larger number of transactions, but limited the comparison to recently announced transactions involving companies of the same relative size as us.

The following table sets forth the Selected General Corporate-Level Transactions considered and their respective dates of announcement:

Date	Buyer	Seller
07/29/2011	Saga Group Limited	Allied Healthcare International Inc.
05/18/2011	Leeds Equity Partners, LLC	Nobel Learning Communities, Inc.
02/22/2011	Talon Merger Sub, Inc.	Tollgrade Communications, Inc.
02/17/2011	Louisiana Merger Sub, Inc.	LaBranche & Co Inc.
02/07/2011	Golden Gate Private Equity Incorporated	Conexant Systems, Inc.
12/23/2010	Vigor Industrial LLC	Todd Shipyards Corporation
11/30/2010	Red Oak Acquisition Corp.	Mercer Insurance Group, Inc.
11/04/2010	North American Financial Holdings, Inc.	Capital Bank Corporation
10/11/2010	ASSA ABLOY AB	ActivIdentity Corporation
09/16/2010	Calix, Inc.	Occam Networks, Inc.
09/08/2010	Maple Acquisition Corp.	Microtune, Inc.
09/02/2010	White Deer Energy L.P.	PostRock Energy Corporation
08/17/2010	Pharaoh Acquisition LLC	Phoenix Technologies Ltd.
08/09/2010	Endo Pharmaceuticals Holdings Inc.	Penwest Pharmaceuticals Co.
07/12/2010	Icon Merger Sub, Inc.	Playboy Enterprises, Inc.
06/14/2010	Mobius Subsidiary Corporation	Intelligroup, Inc.
06/09/2010	Equity Group Investments LLC	Rewards Network Inc.
05/05/2010	C. R. Bard, Inc.	SenoRx, Inc.
04/05/2010	Accelrys, Inc.	Symyx Technologies, Inc.
03/30/2010	Microsemi Corporation	White Electronic Designs Corporation
03/15/2010	Pegasystems Inc.	Chordiant Software, Inc.

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For each of the Selected General Corporate-Level Transactions, Jefferies calculated the premium represented by the offer price or merger consideration over the target company s closing share price one trading day, 30 trading days and 60 trading days prior to the transaction s announcement. This analysis indicated the following premiums for those time periods prior to announcement.

Time Period Prior to Announcement	High	75% Percentile Premium	25% Percentile Premium	Low
1 trading day	59.2%	43.8%	14.6%	0.2%
30 trading days	68.4%	46.2%	17.7%	(36.5%)
60 trading days	79.2%	51.7%	18.1%	(31.5%)

Using a reference range of the 25th percentile to the 75th percentile premiums for each time period listed above, Jefferies performed a premiums paid analysis using the closing prices per share of our common stock one trading day, 30 trading days and 60 trading days prior to December 19, 2011.

Applying a one trading day prior premium reference range of 14.6% and 43.8% to our closing price of $1.17 on December 16, 2011, which was the date that was one trading day prior to the date of Jefferies opinion, this analysis indicated a range of implied values per share of our common stock of approximately $1.34 to $1.68, compared to the consideration of $1.04 to $1.22 per share of our common stock.

Applying a 30 trading days prior premium reference range of 17.7% and 46.2% to our closing price of $0.78 on November 4, 2011, which was the date that was 30 trading days prior to the date of Jefferies opinion, this analysis indicated a range of implied values per share of our common stock of approximately $0.92 to $1.14, compared to the consideration of $1.04 to $1.22 per share of our common stock.

Applying a 60 trading days prior premium reference range of 18.1% and 51.7% to our closing price of $0.80 on September 23, 2011, which was the date that was 60 trading days prior to the date of Jefferies opinion, this analysis indicated a range of implied values per share of our common stock of approximately $0.94 to $1.21, compared to the consideration of $1.04 to $1.22 per share of our common stock.

No Selected General Corporate-Level Transaction utilized as a comparison in the selected premiums paid analysis is identical to the Halcon transaction.

General

Jefferies opinion was one of many factors taken into consideration by our board of directors in making its determination to approve the Halcon transaction and should not be considered determinative of the views of our board of directors or management with respect to the Halcon transaction or the consideration to be paid to us in the Halcon transaction.

Jefferies was selected by our board of directors based on Jefferies qualifications, expertise and reputation. Jefferies is an internationally recognized investment banking and advisory firm. Jefferies, as part of its investment banking business, is regularly engaged in the valuation of businesses and securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements, financial restructurings and other financial services.

We have engaged Jefferies to act as our financial advisor in connection with the Halcon transaction, and Jefferies will receive an aggregate fee of $4 million for its services, $1.5 million of which was paid upon execution of the purchase agreement and $2.5 million of which is payable contingent upon consummation of the Halcon transaction. Jefferies also will be reimbursed for expenses incurred. We have agreed to indemnify Jefferies against liabilities arising out of or in connection with the services rendered and to be rendered by

Jefferies under such engagement. Jefferies has, in the past, provided financial advisory and financing services to us, including in connection with a public offering of our equity securities and the disposition of certain of our assets, for which Jefferies received fees of $308,000 and $423,000, respectively. Jefferies has also provided financial advisory services to Petrohawk Energy Corporation, a former affiliate of Halcon, and received fees for the rendering of such services, including in connection with a public offering of Petrohawk Energy Corporation s equity securities. Furthermore, Jefferies is currently providing, and has in the past provided, financial advisory services to EnCap Investments L.P. and certain of its affiliates and has received fees for the rendering of such services. Encap Investments L.P. is a significant equity investor in Halcon. Jefferies may continue to provide financial and advisory services to us, Petrohawk Energy Corporation and EnCap Investments L.P. and may receive fees for the rendering of such services. In the ordinary course of Jefferies business, Jefferies and its affiliates may trade or hold our securities or securities of Halcon and/or their respective affiliates for Jefferies own account and for the accounts of its customers and, accordingly, may at any time hold long or short positions in those securities. Furthermore, as of the date of Jefferies opinion, Jefferies owned 17,198,366 shares of our common stock, representing approximately 22% of the outstanding shares of our common stock (before giving effect to the Halcon transaction). In addition, Jefferies may seek to, in the future, provide financial advisory and financing services to us, Halcon or entities that are affiliated with us or Halcon, for which Jefferies would expect to receive compensation.

Interests of Certain Persons in the Halcon Transaction

In considering the recommendation of our board of directors with respect to the Halcon transaction, stockholders should be aware that upon the closing of the transaction, the employment of each of our senior executive officers, Messrs. Lee, Austin, Rampey and Smiley, will be terminated. Each such officer will be entitled to receive a severance benefit, under either an employment agreement or under our 2009 CIC Plan. The cash severance payments and accrued termination benefits to be received by Messrs. Lee, Austin, Rampey and Smiley are: Larry E. Lee $1,169,270; G. Les Austin $792,941; Larry G. Rampey $846,880; and Drake N. Smiley $791,709. In addition, pursuant to the terms of our 2006 Plan, upon the closing of the Halcon transaction the unvested restricted stock awards previously granted to Messrs. Lee, Austin, Rampey and Smiley will vest in the following amounts: Larry E. Lee 275,000 shares; G. Les Austin 187,500 shares; Larry G. Rampey 132,500 shares; and Drake N. Smiley 207,500 shares. Also upon closing of the transaction all SARs previously granted to such executive officers, whether or not vested, will vest in their entirety and will be deemed exercised as of the day immediately preceding the closing. Total vested and unvested SARs held by our executive officers are as follows: Larry E. Lee 150,000 shares; G. Les Austin 75,000 shares; and Drake N. Smiley 75,000 shares. The exercise price for the SARs is $1.73 per share, meaning that if the closing price of our common stock on the day before closing is equal to or less than $1.73 per share, no payment will be required by us with respect to the SARs. However, if and to the extent the closing price of our common stock on the day before the closing of the transaction is greater than $1.73 per share, then each executive officer will be entitled to receive a cash payment equal to the amount by which the closing price exceeds $1.73 per share times the number of SARs held by such executive officer.

Our 2009 CIC Plan also covers our five vice presidents, each of whom will be deemed to have resigned for Good Reason, as defined in our 2009 CIC Plan, upon closing of the Halcon transaction, and as a result will receive at closing a cash severance benefit equal to one times such officer s base salary. Pursuant to the terms of our 2006 Plan, upon the closing of the Halcon transaction, all unvested restricted stock awards previously issued to such officers will vest in full, and all SARs previously issued to such officers will vest in their entirety and will be deemed exercised as of the day immediately preceding the closing. All SARs held by such officers have the same exercise price and will be treated in the same manner as the SARs held by our executive officers. Our 2009 CIC Plan requires us to provide each officer covered by the 2009 CIC Plan (Mr. Lee is not covered by our 2009 CIC Plan) for the period allowed under Section 4980B of the Code (not less than 18 months), the same level of health and dental insurance benefits for the executive (and the executive s dependents, if applicable) upon substantially similar terms and conditions (including contributions required by the executive for such benefits) as existed immediately before the date of termination; and for a period of 18 months, the same level of life and

disability insurance benefits for the executive, upon substantially similar terms and conditions (including contributions required by the executive for such benefits) as existed immediately before the date of termination.

Under the terms of Mr. Lee s employment agreement, we will provide Mr. Lee a gross-up payment in an amount equal to any excise tax, or interest or penalties related to any excise tax, assessed against Mr. Lee pursuant to Section 4999 of the Code, based upon the payments discussed above, the vesting of any stock or SARs under our 2006 Plan and the payment of the gross-up amount. In addition, Mr. Lee and his family will be entitled to continue to participate in any welfare benefit plan offered by us through the end of the current term of his employment agreement, which expires April 30, 2013, to the same extent as if Mr. Lee continued to be employed by us through the expiration of the term.

Also pursuant to the terms of our 2006 Plan, upon closing of the Halcon transaction the unvested restricted stock awards previously granted to Messrs. Sean P. Lane, Gerald R. Marshall and John M. Reardon, the three independent directors on our board, and Mr. Lawrence S. Coben, an outside consultant to our board, will vest in their entirety in the following amounts: Mr. Lane 46,242 shares; Mr. Marshall 46,242 shares; Mr. Reardon 46,242 shares; and Mr. Coben 36,694 shares; however, all of these unvested shares are scheduled to vest in their entirety in May 2012, whether or not the Halcon transaction is consummated.

Our board of directors was aware of these interests and considered them along with the other matters described in this information statement in approving the Halcon transaction and determining to recommend the Halcon transaction to our majority stockholders for approval by written consent. With the exception of Mr. Lee, who will receive severance benefits under his employment agreement, and the members of our board of directors and the outside consultant to our board, who will receive the acceleration of vesting of restricted stock awards previously granted to such persons and scheduled to vest in May, 2012, no stockholder signing the written consent will be entitled to receive any payment or other economic benefit in connection with the closing of the Halcon transaction.

Information About Halcon

Halcon Resources LLC, a privately held Delaware limited liability company, was formed in 2011 and its principal activity to date has been preparing for the negotiation and closing of the Halcon transaction. It is not engaged in any active business operations. As a result of the Halcon transaction, Halcon will own approximately 73.6% of our outstanding common stock, or 86.7% of our outstanding common stock assuming full exercise of the warrants and conversion of the original principal balance of the note. Even though we will continue to be publicly held, we will be, in effect, the majority-owned operating subsidiary of Halcon. A vote or consent of the members of Halcon in connection with the transactions described in this information statement is not required pursuant to Halcon s operating agreement or pursuant to the Delaware Limited Liability Company Act. In accordance with Halcon s operating agreement, the Halcon transaction has been approved by unanimous written consent of Halcon s board of managers. Factual information about Halcon in this section has been provided by Halcon.

Transaction Documents

The summaries of the transaction documents set forth in the following sections of this information statement do not purport to be complete and are qualified in their entirety by reference to the following documents:

- the securities purchase agreement, a copy of which is attached to this information statement as *Appendix A-1*;
- the first amendment to the securities purchase agreement, a copy of which is attached to this information statement as *Appendix A-2*;
- the 8% senior convertible note, a form of which is attached to this information statement as *Appendix B*;

the warrant certificate, a form of which is attached to this information statement as *Appendix C*; and

the registration rights agreement, a form of which is attached to this information statement as *Appendix D*.

(collectively, with all other documents and instruments issued or executed in connection with or ancillary to the Halcon transaction, the Halcon transaction documents).

Terms of the Purchase Agreement

Explanatory Note Regarding the Purchase Agreement

The following summary, and the copy of the purchase agreement attached as Appendix A-1, are included to provide you with information regarding its terms. The summary reflects the amendments to the purchase agreement pursuant to the first amendment to the purchase agreement, a copy of which is attached as Appendix A-2. Factual disclosures about Halcon and RAM contained in this information statement or in our public reports filed with the SEC, as applicable, may supplement, update or modify the factual disclosures about Halcon and RAM contained in the purchase agreement. The representations, warranties and covenants made by the parties in the purchase agreement were qualified and subject to important exceptions and limitations agreed to by Halcon and RAM in connection with negotiating the terms of the purchase agreement. In particular, in your review of the representations and warranties contained in the purchase agreement and described in this summary, it is important to bear in mind that the representations and warranties were negotiated with the principal purposes of establishing the circumstances in which a party to the purchase agreement may have the right not to consummate the Halcon transaction if the representations and warranties of the other party prove to be untrue due to a change in circumstance or otherwise, and allocating risk between the parties to the purchase agreement, rather than establishing matters as facts. The representations and warranties may also be subject to a contractual standard of materiality different from those generally applicable to stockholders and reports and documents filed with the SEC and in some cases were qualified by disclosures that were made by each party to the other, which disclosures were not reflected in the purchase agreement. Moreover, information concerning the subject matter of the representations and warranties, which do not purport to be accurate as of the date of this information statement, may have changed since the date of the purchase agreement and subsequent developments or new information qualifying a representation or warranty may have been included in this information statement.

General

Pursuant to the terms of the purchase agreement, and subject to the conditions contained therein, we have agreed to issue to Halcon for an aggregate of $550,000,000 in cash:

220,000,000 shares of our common stock;

our 8% senior convertible note due 2017 in the original principal amount of $275,000,000 which will be convertible after two years into common stock at a conversion price of $1.50 per share; and

five-year warrants entitling the holder to purchase up to 110,000,000 shares of our common stock for an exercise price of $1.50 per share.

The exercise price of the warrants and the conversion price of the note are subject to adjustment in the event of the issuance of stock dividends, stock splits and similar events. See Terms of the Note and Terms of the Warrants below.

The closing is subject to the satisfaction of certain conditions precedent, as discussed more fully below. The closing will occur on a date no later than the third business day following the satisfaction or waiver of the conditions to closing described below in Conditions to Purchase and Conditions to Sale, or on such other date as we and Halcon mutually agree. The purchase agreement provides that if the closing has not occurred on or before April 30, 2012, either party can terminate the purchase agreement.

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Conditions to Purchase

The obligation of Halcon to purchase the securities under the purchase agreement is subject to the satisfaction of the following conditions:

- Halcon shall have received customary closing certificates from one of our authorized officers certifying as to certain of the closing conditions;

- Halcon shall have received an opinion from our counsel, McAfee & Taft A Professional Corporation, with respect to corporate organization, authority, valid execution of the purchase agreement, validity, nonassessability and enforceability of the securities to be issued, conflicts, consents and other matters Halcon may reasonably request;

- Halcon shall have received all resolutions, certificates and documents it may reasonably request relating to our organization, good standing, corporate authority, enforceability of the purchase agreement, stock ownership, documents necessary to increase our outstanding capital and other related matters;

- Halcon shall have received the duly executed 8% senior convertible note in the original principal amount of $275,000,000, and certificates and warrant certificates issued to Halcon respectively evidencing the 220,000,000 shares of our common stock and warrants entitling Halcon to purchase up to 110,000,000 shares of our common stock for an exercise price of $1.50 per share;

- we and Halcon shall have entered into the registration rights agreement;

- Halcon shall have received a file-stamped copy of our amended and restated certificate of incorporation dated as of the closing date evidencing the amendment to our certificate of incorporation as described in this information statement, other than the reverse stock split, which will be effected following the closing;

- we shall have obtained any required consents under our revolving credit agreement and second lien term loan agreement;

- the common stock and the shares of stock issuable upon exercise of the warrants and conversion of the note shall have been approved for listing on The NASDAQ Global Market, subject to official notice of issuance;

- resignations shall have been received from all of our officers and all of our directors and the actions necessary to appoint Floyd C. Wilson as a member of our board of directors and to permit our board to be comprised of up to ten directors effective as of the closing shall have been taken;

- our representations and warranties in the purchase agreement and other transaction documents shall be true and correct in all material respects;

- no events shall have occurred or conditions exist which, individually or in the aggregate, have a material adverse effect on our or our subsidiaries financial condition, business, assets, properties or results of operations;

we shall have paid or made arrangements to pay all Halcon s expenses in connection with the Halcon transaction;

Halcon shall have received such other documents, instruments and agreements as it may reasonable request in light of the transactions contemplated by the purchase agreement;

Halcon shall have received evidence reasonably satisfactory to it that the closing transactions contemplated by the purchase agreement have been consummated; and

Halcon shall have received evidence reasonably satisfactory to it of termination of all board observation rights and any other rights granted to third parties relating to participation in board meetings and activities.

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Conditions to Sale

Our obligation to sell the securities is subject to the satisfaction of the following conditions precedent on or before the closing date:

- we shall have received the aggregate purchase price of $550,000,000;
- we and Halcon shall have entered into the registration rights agreement;
- we shall have received from Halcon customary closing certificates from one of its authorized officers certifying as to certain of the closing conditions;
- we shall have received an opinion from Halcon s legal counsel, Thompson & Knight LLP, in form and substance reasonably satisfactory to us and our legal counsel;
- we shall have received copies of all resolutions, certificates and documents we may request relating to Halcon s organization, good standing, authority, enforceability of the purchase agreement, and other related matters;
- Halcon s representations and warranties in the purchase agreement and other transaction documents shall be true and correct in all material respects; and
- we shall have received evidence reasonably satisfactory to us that the closing transactions contemplated by the purchase agreement have been consummated.

Representations and Warranties

The purchase agreement contains numerous representations and warranties we have made with respect to matters related to us and in certain instances, our subsidiaries. In certain cases, these representations are subject to specified exceptions and qualifications. The matters covered by the representations and warranties include:

- corporate organization and existence and similar corporate matters;
- corporate and governmental authorization to enter into the Halcon transaction documents;
- validity, binding effect and enforceability of the Halcon transaction documents;
- our capitalization;
- due authorization, valid issuance and full payment of securities to be issued pursuant to the Halcon transaction documents;

the preparation of our financial statements in accordance with generally accepted accounting principles (GAAP) and their fair presentation of our financial condition;

no material adverse effect on us since September 30, 2011;

no defaults or waivers of rights under, and enforceability of, material agreements;

no defaults or waivers of rights under, and enforceability of, our revolving credit agreement and second lien term loan agreement;

investments;

outstanding debt;

transactions with affiliates;

employment matters;

litigation or claims involving us or our subsidiaries or our respective officers, directors or employees or our business, assets or properties;

compliance of employee benefits plans with applicable law and related matters;

payment of taxes and filing of tax returns;

title to assets;

possession of licenses and permits;

rights to intellectual property and other intellectual property matters;

compliance with applicable laws;

environmental matters and compliance with environmental laws;

our fiscal year;

no events that would be defaults under the terms of the convertible note;

insurance policies;

inapplicability of certain government regulations;

compliance with securities laws;

brokers;

our filings with the SEC;

no inquiries by the SEC;

compliance with oil and natural gas laws, leases and practices;

obligations to plug and abandon wells;

royalty shares in oil and natural gas leases;

oil and natural gas leases;

timeliness of receipt of proceeds from oil and gas interests;

take-or-pay arrangements;

imbalances of production;

financial and commodity hedging;

books and records;

information provided to our independent engineers in connection with their preparation of our reserves report;

nature of our assets;

capital projects;

rentals, bonuses, royalties and operating expenses payable with respect to oil and natural gas interests;

preferential rights;

no pipeline imbalances;

suspense amounts;

reversionary interests;

gathering systems and natural gas processing plants;

pipelines;

Sarbanes-Oxley Act of 2002 compliance;

absence of dissenters rights;

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- NASDAQ Marketplace Rules compliance;
- opinion of financial advisor;
- application of anti-takeover laws and control shares statutes; and
- no untrue statements or omission of material facts.

The purchase agreement also contains representations and warranties of Halcon that are, in certain cases, subject to specified exceptions and qualifications. The matters covered by Halcon s representations and warranties include:

- limited liability company organization and existence and similar limited liability company matters;
- limited liability company and governmental authorization to enter into the transaction documents;
- validity, binding effect and enforceability of the Halcon transaction documents;
- brokers;
- legal proceedings;
- financing of the Halcon transaction;
- contracts and commitments to which we may become subject after the closing;
- no untrue statements or omission of material facts;
- our existing oil and natural gas operations in our four principal operating areas, that is, our (i) Electra/Burkburnett properties, located in Wichita and Wilbarger Counties, Texas, (ii) South Texas properties, located in Starr and Wharton Counties, Texas, (iii) Fitts and Allen properties, located in Coal, Hughes, Pontotoc and Seminole Counties, Oklahoma, or (iv) Osage concession, would not be adversely affected by the noncompetition provisions of the Executive Retention Agreement between Mr. Wilson and Petrohawk; and
- description of principal properties owned by Petrohawk as of the date of termination of Mr. Wilson s employment with Petrohawk.

Covenants

The purchase agreement contains the following covenants and agreements:

Insurance. We are required to maintain the amounts and types of insurance as are currently in effect.

Payment of Taxes and Claims. At all times prior to closing, we are required to pay all taxes and all material claims for sums which have become due and payable.

Compliance with Laws and Documents. We are required to comply in all material respects with the provisions of all laws, charter documents and every material agreement to which we or our subsidiaries are parties.

Further Action; Efforts. The parties are required to use their reasonable best efforts to take all actions necessary under applicable laws to consummate the Halcon transaction, to contest administrative or judicial actions or proceedings challenging the Halcon transaction, and to hold all information received from the other party in confidence.

Operation of Properties and Equipment. We are required to maintain, preserve and keep all operating equipment in proper repair, working order and condition in a manner and to the extent consistent with past practice.

Additional Documents. At or prior to closing, we are required to cure promptly any defects in the creation and issuance of the common stock, the note and the warrants, and the delivery of the purchase

agreement and other transaction documents and, upon reasonable request, deliver all documents as may be reasonably necessary in connection with the covenants in the Halcon transaction documents.

Maintenance of Books and Records. We are required to maintain proper books and records in conformity with GAAP.

Environmental Matters. We are required to comply in all material respects with all environmental laws and regulations applicable to our properties and operations. We are also required to notify Halcon of any hazardous discharge or the receipt of any environmental complaint relating to the property or assets owned by us or our subsidiaries.

Access to Information. At all times prior to closing, we are required to afford Halcon and its representatives access to our books and records, properties and personnel as Halcon may reasonably request and to provide Halcon with financial and operating data.

Conduct of Business of the Company Pending Closing. Except as contemplated by the purchase agreement or as Halcon shall agree in writing, during the period from the date of the purchase agreement to the closing, we are required to conduct our operations in the ordinary course of business consistent with past practice and to use all reasonable efforts to preserve intact our and our subsidiaries business organizations, assets, prospects and advantageous business relationships, to keep available the services of our officers and key employees and to maintain relationships with our licensors, licensees, suppliers, contractors, distributors, customers and others having business relationships with us. We will not, without the written consent of Halcon or as expressly permitted by the purchase agreement:

amend or propose to change our or our subsidiaries   charter documents;

split, combine or reclassify any shares of our capital stock;

declare, pay or set aside for payment any dividend or other distribution in respect of our capital stock;

redeem, purchase or otherwise acquire any shares of our capital stock or other securities;

authorize for issuance, issue, sell or deliver, or agree or commit to issue, sell or deliver any of our capital stock or any securities convertible into shares of our capital stock;

enter into any amendment of any term of any outstanding security;

incur any indebtedness except trade debt in the ordinary course of business and debt pursuant to our existing credit facilities;

fail to make any contribution to any pension plans;

increase compensation or grant bonuses or other benefits, or modify or amend any employment or severance agreements;

settle any pending litigation other than in the ordinary course of business;

incur any material liability or obligation other than in the ordinary course of business;

issue any debt securities;

assume or be responsible for the obligations of any other person;

change any assumption underlying, or methods of calculating any bad debt;

enter into, adopt or amend any employment agreement or pension plan;

grant or become obligated to grant any increase in compensation to officers, directors or employees;

acquire any corporation, partnership or other business organization or make any investment in any person;

pay, discharge or satisfy any material claims, liabilities or obligations other than in the ordinary course of business of liabilities reflected or reserved against on our financial statements or subsequently incurred in the ordinary course of business or required by material agreements or disclosed pursuant to the purchase agreement;

acquire any material assets or properties or dispose of, mortgage or encumber any material assets or properties other than in the ordinary course of business;

waive, release, grant or transfer any material rights or modify in any material respect any existing material license, lease contract or other document other than in the ordinary course of business and consistent with past practice;

sell, lease, license or otherwise surrender or dispose of any assets or properties with a fair market value exceeding $100,000 in any single transaction or $1,000,000 in the aggregate for all such transactions;

settle a material audit, make or change any material tax election or file any material amended tax return;

change any method of accounting or accounting practice except as required by GAAP;

take any action that would give rise to a claim under the WARN Act or any similar law because of a plant closing or mass layoff;

become bound or obligated to participate in any operation, or consent to participate in any operation, with respect to oil and gas interests that is estimated to result in an expenditure by us in excess of $500,000 individually or $2,500,000 in the aggregate unless the operation is a currently existing obligation or necessary to maintain an oil and gas interest;

fail to meet any royalty payment obligations under our oil and gas leases;

enter into any futures, hedge, swap, collar, put, call, floor, cap, option or other contracts intended to benefit from or reduce or eliminate the risk of fluctuations in the price of commodities except as required to maintain compliance with our existing credit facilities;

enter into any fixed-price commodity sales agreement with a duration of more than three months;

adopt, amend or assume an obligation to contribute to any employee benefit plan or arrangement or collective bargaining agreement;

enter into any employment, severance or similar contract with any person or amend any such existing contracts to increase amounts payable or benefits;

engage in any transaction in connection with which we could be subjected to either a civil penalty or a tax under employee benefits laws;

terminate any pension plan in a manner or take any action with respect to any pension plan that could result in our liability to any person;

take any action that could adversely affect the qualification of any pension plan or its compliance with employee benefits laws;

fail to make payment under the provisions of any pension plan, agreement relating thereto or applicable law;

fail to file all reports and forms required by federal regulations with respect to any pension plan;

approve the grant of stock options or restricted stock for employees or terminate any employee entitled to any severance payment upon termination;

organize or acquire any entity that could become a subsidiary;

enter into any commitment or agreement to license or purchase seismic data other than pursuant to an agreement or commitment existing on the date of the purchase agreement; or

take any action or agree to take any of the foregoing actions or any action which would make any representation or warranty in the purchase agreement untrue or incorrect.

Written Consent; Information Statement. Promptly after the execution of the purchase agreement we shall have furnished to a majority in interest of our stockholders a form of written consent approving the transactions contemplated by the Halcon transaction that require stockholder approval, and such written consent shall have been executed and delivered by the subject stockholders within 20 business days following the date of execution of the purchase agreement. We also shall have filed an information statement with the Securities and Exchange Commission in the form of this information statement and promptly thereafter shall have furnished such information statement to all of our stockholders. We have fully performed and satisfied both of these covenants.

Continuation of Indemnification. After the closing, for a period of at least five years, we will, and Halcon will use all reasonable efforts to cause us to, continue to indemnify, defend and hold harmless the officers, directors and employees of us and our subsidiaries who were officers, directors or employees prior to the closing from and against all losses or liabilities which are due to such positions or arising out of the Halcon transaction. We have agreed to maintain our officers and directors liability insurance in effect for the same five-year period, and Halcon has agreed to use all reasonable efforts to cause us to do so.

No Shop Covenant; Superior Proposals. We agreed that following the execution of the purchase agreement, we and our subsidiaries (i) would terminate all then-ongoing discussions and negotiations with other parties with respect to or which could reasonably be expected to lead to an acquisition proposal by such parties and (ii) would not take any action to enter into any agreement that could lead to a company acquisition proposal or solicit, negotiate, encourage or otherwise take any actions to pursue a company acquisition proposal. Additionally, we agreed to use our reasonable best efforts to cause our stockholders, representatives and agents to do the same.

Notwithstanding the foregoing, we were expressly permitted, subject to certain restrictions, at any time prior to the time we received written consent to the Halcon transaction from our majority stockholders, to provide information to and negotiate with other persons who provided an unsolicited bona fide written company acquisition proposal that our board determined constituted or was reasonably expected to lead to a proposal more advantageous to us and our stockholders than the Halcon transaction, which is defined in the purchase agreement as a superior proposal. Upon receipt of a superior proposal, the board was required to provide five-days written notice of such superior proposal to Halcon and negotiate in good faith with Halcon to enable Halcon to adjust the terms and conditions of the Halcon transaction to be at least as favorable as such superior proposal. If at the end of such five-day period Halcon did not adjust the terms of its proposal to make it as or more attractive to us than the competing proposal, our board could terminate or withdraw its previous recommendation to the stockholders that they approve the Halcon transaction or cause us or a subsidiary to enter into an agreement with respect to such superior proposal; provided that the board determined in good faith, after consultation with our legal and financial advisers, that taking such action was necessary to comply with its fiduciary duties to our stockholders. In the event we accepted such a superior proposal, either we or Halcon could have terminated the purchase agreement, which would have also caused the stockholders agreement requiring our majority stockholders to approve the Halcon transaction to terminate.

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We received no superior proposals prior to the date that stockholders holding a majority in interest of our common stock executed the written consent and, as a result, these superior proposal provisions were never triggered.

Tax Matters. We and Halcon agreed that the note and the warrants together shall constitute an investment unit within the meaning of Section 1273(c)(2) of the Code and, within a reasonable time following the closing of the transaction, that we and Halcon would agree upon an allocation for federal income tax purposes of the $275,000,000 issue price of the note between the note and the warrants.

Protection of Minority Stockholders. Halcon has agreed that during a period of two years after the date of closing, unless a proposed transaction described below is approved by a majority of the minority stockholders, Halcon and its affiliates will not vote its or their shares in favor of:

- any transaction that would result in RAM going private such as through a transaction commonly referred to as a freeze-out merger;
- a high-ratio reverse stock split, with any reverse stock split in which more than 100 shares of our common stock are converted into one share of common stock, or any reverse stock split with similar consequences, to be considered a high-ratio reverse stock split; or
- any other transaction that would constitute a Rule 13e-3 transaction as defined in Rule 13e-3(a)(3) promulgated under the Securities Exchange Act of 1934.

Termination of the Purchase Agreement

The purchase agreement may be terminated:

- by mutual written consent of Halcon and us;
- by either Halcon or us if the closing has not occurred on or before April 30, 2012, provided that the party seeking to terminate the purchase agreement shall not have breached in any material respect its obligations under the purchase agreement in any manner that shall have proximately contributed to the failure to close the Halcon transaction;
- by Halcon if there has been a material breach by us of any representation, warranty, covenant or agreement in the purchase agreement which cannot be cured or has not been cured within 10 business days following receipt by us of notice of such breach;
- by us if there has been a material breach by Halcon of any representation, warranty, covenant or agreement in the purchase agreement which cannot be cured or has not been cured within 10 business days following receipt by Halcon of notice of such breach;
- by either us or Halcon, if any applicable law, rule or regulation makes consummation of the Halcon transaction illegal or if any judgment, injunction, order or decree of a court or other governmental authority restrains or prohibits the consummation of the Halcon transaction, and such judgment, injunction, order or decree becomes final and nonappealable;

by Halcon if we failed to deliver the written consent of a majority in interest of our stockholders on or prior to the day that was 20 business days after the execution of the purchase agreement (this provision is no longer applicable as we delivered the required written consent within the time provided); or

by either us or Halcon if we accept a superior proposal.

Effect of Termination

If:

the purchase agreement is terminated by Halcon because of a material breach of the representations and warranties made by us in the purchase agreement which is not cured within 10 business days, then we will be required to pay Halcon a termination fee of $2,500,000;

the purchase agreement is terminated by Halcon other than pursuant to the above because of a material breach of the covenants or agreements made by us in the purchase agreement which is not cured within 10 business days, then we will be required to pay Halcon a termination fee of $5,000,000;

the purchase agreement is terminated by us because there has been a material breach by Halcon of its representations, warranties, covenants or agreements in the purchase agreement and the breach is not cured within 10 business days, then Halcon will be required to pay us a termination fee of $5,000,000;

the purchase agreement is terminated by us or by Halcon because we have accepted a superior proposal, then we will be required to pay Halcon a termination fee of $5,000,000 (this provision is no longer applicable, as we did not accept a superior proposal prior to the time we delivered to Halcon the written consent of a majority in interest of our stockholders); or

a third party makes, or publicly announces its intention to make a company acquisition proposal, and the purchase agreement is subsequently terminated by us or Halcon because the Halcon transaction has not closed by April 30, 2012 (unless Halcon terminates the purchase agreement and we have not breached any of our obligations under the purchase agreement) or by Halcon because there has been a material breach by us of our representations, warranties, covenants or agreements in the purchase agreement, and within 12 months after such termination, either (i) we are acquired by a third party in a transaction that, if offered during the term of the purchase agreement, would have been subject to the purchase agreement s restrictions on alternative acquisition proposals, or (ii) the third party who made or announced its intention to make such a company acquisition proposal, or any of its affiliates, or any group that includes such third party or any of its affiliates, acquires beneficial ownership of 50% or more of our outstanding voting securities, and our board of directors has taken any action to facilitate such acquisition of beneficial ownership, then we will be required to pay Halcon a termination fee of $5,000,000.

Indemnification

We have agreed to indemnify, defend and hold harmless Halcon for losses it may incur as a result of any breach of our representations and warranties. There are several limitations on our indemnity obligations which include:

we are not liable to Halcon until the losses for which indemnification would otherwise apply exceeds $2,000,000 and we are liable only for amounts in excess of the $2,000,000 threshold;

if the loss for which Halcon seeks indemnification results from a breach of our representations or warranties that, if it had been known to Halcon prior to closing, would have resulted in a reduction in the amount that was, for purposes of determining the purchase price in the Halcon transaction, assumed to be the post-closing net asset value of RAM, then (i) the amount to which our indemnification obligation applies is limited to the amount by which the amount of such reduction exceeds the $2,000,000 threshold, up to a maximum of $50,000,000, which is referred to as the adjustment amount, and (ii) our indemnification obligation is limited to the adjustment amount multiplied by Halcon s percentage ownership interest in our outstanding common stock immediately after closing; and

all claims for indemnification must be submitted within one year from the date of closing.

We are not obligated to make any cash payments to Halcon in respect of our indemnification obligations. Any indemnification obligation we have shall be satisfied by crediting the amount of the indemnifiable loss to the amounts otherwise payable by Halcon upon exercise of the warrants. If the amount of the indemnified loss exceeds the aggregate amount of the warrant exercise price of all warrants held by Halcon at the time of the determination of the indemnified loss, we will have no obligation to pay or credit Halcon an amount in excess of such aggregate warrant exercise price.

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Except to the extent provided in other provisions of the purchase agreement (including the provisions requiring us to pay a termination fee as described above), and except for claims for actual fraud, Halcon s right to indemnification is its sole remedy with respect to breaches of the purchase agreement by us.

Halcon has also agreed to indemnify, defend and hold us harmless for losses we may incur as a result of breaches of Halcon s representations and warranties.

Description of Our Common Stock

Authorized Capital

Our authorized capital stock consists of 100,000,000 shares of common stock, par value $0.0001 per share, and 1,000,000 shares of preferred stock, par value $0.0001 per share. On January 13, 2012, our record date for approval of the Halcon transaction and the amendment to our certificate of incorporation, there were shares of our common stock and no shares of our preferred stock outstanding. Also on such date there were no warrants, options, convertible securities or other rights to acquire any of our capital stock outstanding.

Common Stock

The holders of our common stock are entitled to one vote per share on all matters voted on by stockholders. Holders of our common stock are entitled to such distributions as may be declared from time to time by our board of directors from funds available for distributions, subject to the preferential rights of our preferred stockholders, if any. Upon liquidation, holders of our common stock are entitled to receive pro rata all of our assets available for distribution to our stockholders, subject to any preferential rights of our preferred stockholders, if any. All shares of our common stock issued in the Halcon transaction will be fully paid and nonassessable and the holders of that stock, like the existing holders of our common stock, will not have preemptive rights to purchase additional shares. Because we have a classified board of directors, only one of the three classes of directors is subject to election by our stockholders each year.

Terms of the Note

We will issue to Halcon a convertible promissory note in the original principal amount of $275,000,000. Below is a summary of the terms of the note.

Maturity

The note will be unsecured and will mature on the fifth anniversary of the closing date, at which time all of the outstanding principal and accrued but unpaid interest will be due and payable. No installments of principal will be due prior to maturity absent a default.

Interest

Interest on the note will be payable at a rate of 8% per annum payable quarterly. The interest rate will increase to 15% if we default on any payment obligation under the note. Provided that no event of default has occurred and is continuing, with respect to any interest payment date through March 31, 2014, we may elect to borrow from the noteholder all or a portion of the interest due and payable and apply such borrowing to the payment of interest due. Any amounts we borrow from the noteholder to make an interest payment will automatically be added to the principal of the note.

Prepayment

We may prepay all or any portion of the principal of the note with 30-days notice to the noteholder at any time after two years after the closing; provided, however, that in the event we notify the noteholders that we wish

to prepay all or any portion of the note, the noteholders will have the right to elect to convert the principal amount that we have elected to prepay into shares of our common stock at the conversion price then in effect, effectively preventing us from making such prepayment.

Ranking

The note will be our senior unsecured obligation and is intended to rank equally in right of payment with all of our other existing and future senior unsubordinated debt. Except as may be agreed in writing by the noteholder, the note shall not rank junior in right of payment to any of our other debt. However, the rights of the noteholder will be effectively subordinated to the rights of the lenders under our existing revolving credit facility, and to the rights of any subsequent lenders under any replacement secured first lien facility, with respect to the assets and properties pledged as collateral therefor, to the extent that a lien or security interest is validly created and perfected in such assets and properties. As a result of the issuance of the note, our long-term debt is expected to increase by approximately $73.0 million, which represents the original principal amount of the note minus the amount of our existing debt at December 31, 2011.

Conversion

At any time after the earlier of (i) two years after the closing, or (ii) a change in control of RAM, the noteholder may convert all or any portion of the outstanding principal and accrued but unpaid interest into common stock at a conversion price of $1.50 per share, subject to adjustment for stock dividends, stock splits and similar events. Also, if we notify the noteholder that we intend to prepay all or any portion of the principal of the note, the noteholder may convert the principal amount that we have elected to prepay into shares of our common stock at such conversion price at any time after it receives our prepayment notice and prior to prepayment.

Events of Default

An event of default will occur under the note upon the happening of any of the following events:

- our failure to pay any principal or interest when due;

- any representation, warranty, certification or statement made by us in the purchase agreement or the other Halcon transaction documents is proven to have been incorrect in any material respect when made or at closing but only if the noteholder would have a valid claim for indemnification against us therefor under the purchase agreement;

- a default under the terms of any document evidencing, securing or otherwise relating to any debt of us or our subsidiaries with a principal balance of $500,000 or more, including under our revolving credit agreement and second lien term loan agreement;

- we or a subsidiary commence or authorize a voluntary proceeding with respect to liquidation, reorganization or other relief under any bankruptcy, insolvency or other similar law or seeking the appointment of a trustee, receiver, liquidator, custodian or similar official of us or any substantial part of our property or we consent to such relief or to the appointment of or taking possession by such official in an involuntary proceeding;

- we make or authorize a general assignment for the benefit of creditors;

- we generally fail to pay our debts as they become due;

- an involuntary case or proceeding is commenced against us or a subsidiary seeking liquidation, reorganization or other relief under any bankruptcy, insolvency or other similar law, or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official or us or any substantial part of our or a subsidiary s property, and such involuntary case or other proceeding remains

undismissed and unstayed for a period of 60 days;

an order for relief is entered against us under the federal bankruptcy laws;

one or more judgments or orders in excess of $500,000 in the aggregate are rendered against us or any of our subsidiaries and continue unsatisfied and unstayed for 30 days, or are not fully paid at least ten days prior to the date on which any of our or a subsidiary s assets may be lawfully sold to satisfy such judgment or order; or

any change of control other than as caused by any sales of the common stock purchased from us in the Halcon transaction or obtained upon conversion of the note or exercise of the warrants by the noteholder or any of its affiliates.

If an event of default has occurred and is continuing, the noteholder may declare the entire unpaid indebtedness under the note due and payable and may exercise any other remedy permitted by the purchase agreement, the Halcon transaction documents and law, provided that, in connection with the events of default relating to bankruptcy and insolvency matters described above, such acceleration of our indebtedness under the note would be automatic. Notwithstanding the foregoing, with respect to events of default that do not involve our failure to pay principal or interest when due under the note or a bankruptcy or insolvency matter, only a majority in interest of the holders of the notes (including the original note issued at closing and any notes issued upon transfer or exchange of all or a portion of the principal of such original note) may accelerate payment of the notes.

Terms of the Warrants

The warrants will expire on the fifth anniversary of the closing date. The warrants will be exercisable in whole or in part at any time after closing to purchase up to 110,000,000 shares of common stock at an exercise price of $1.50 per share of common stock, subject to adjustment for stock splits, stock dividends and similar events. The warrant exercise price may be paid in cash, by relinquishing or delivering to us warrants or common stock having a fair market value equal to the warrant exercise price, by offsetting the principal balance of one or more of notes held by the holder of the warrant, or a combination of the foregoing.

Terms of the Registration Rights Agreement

General. The shares that are the subject of the registration rights agreement include the common stock to be purchased by Halcon at closing as well as the common stock issuable upon conversion of the note and upon exercise of the warrants. These shares of common stock are referred to as registrable securities.

Registration. Under the registration rights agreement, Halcon and any of its affiliates who own registrable securities have the right to demand, on three separate occasions, that we use our best efforts to cause registration for sale in a public offering of all or a portion of the registrable securities. We have also granted Halcon piggyback registration rights under the registration rights agreement. Under these piggyback registration rights, if we decide to file a registration statement on our own behalf or the behalf of other selling stockholders, holders of the registrable securities have the right to require us to include shares they own in the registration, subject to an underwriter s judgment that inclusion of these shares would exceed the number of shares that can be sold within the price range acceptable to us or to a majority of the stockholders who have requested the registration, as the case may be. We have the right to require Halcon to refrain from offering or selling any shares of common stock that it owns that are not included in any such registration statement for a reasonable time period, not to exceed 90 days, as may be specified by any managing underwriter of the offering to which such registration statement relates.

We will pay the registration expenses relating to Halcon s registrable securities that are included in any registration. We have also agreed to indemnify the holders of registrable securities for losses they may incur, under federal securities law or otherwise, that are based upon any untrue statement or omission, or alleged untrue statement or omission, of material fact contained in the registration statement or prospectus used in connection with any such registration (except to the extent made in reliance upon and in conformity with written information provided by such holders specifically for inclusion in the registration statement or prospectus), and to reimburse them for related expenses.

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Unaudited Pro Forma Consolidated Financial Information

RAM Energy Resources, Inc.

Introduction

Pro Forma Consolidated Financial Statements

(unaudited)

The pro forma consolidated balance sheet of RAM Energy Resources, Inc. (the Company) at September 30, 2011 has been prepared to reflect the Halcon transaction which includes the issuance of 220,000,000 shares of common stock for $275 million and the issuance of a $275 million face value 8% senior convertible note due 2017, which will be convertible at the option of the holder after two years into shares of the Company s common stock at a conversion price of $1.50 per share (the Note) and the issuance of five year warrants entitling the holders to purchase up to 110,000,000 shares of common stock at an exercise price of $1.50 per share (the Warrants), both for proceeds of $275 million. Additionally, the pro forma consolidated balance sheet reflects the paydown and termination of the Company s revolving credit facility and second lien term facility and change in control payments resulting from the Halcon transaction. The pro forma consolidated balance sheet gives effect to such transactions as if they had occurred on September 30, 2011.

The pro forma consolidated statements of operations for the year ended December 31, 2010 and the nine months ended September 30, 2011 have been prepared to reflect the issuance of a $275 million face value Note and the paydown and termination of the revolving credit facility and second lien term facility as if such transactions occurred on January 1, 2010.

These unaudited pro forma consolidated financial statements have been prepared for informational purposes only and do not purport to present what the Company s results would actually have been had these transactions actually occurred on the dates presented or to project the Company s results of operations or financial position for any future period. You should read the information set forth below together with the Company s consolidated financial statements, including the notes thereto, included in the Company s Report on Form 10-K for the year ended December 31, 2010, as well as the Company s consolidated financial statements, including the notes thereto, included in the Quarterly Report on Form 10-Q for the nine months ended September 30, 2011. You should not rely on the unaudited pro forma financial statements as an indication of the results of operations or financial position that would have been achieved if the Halcon transaction had taken place earlier or of the results of operations or financial position of the Company after the completion of the Halcon transaction. The pro forma financial information is presented for illustrative purposes only as prepared under guidelines of the Securities and Exchange Commission and is not intended to be indicative of the operating results that would have occurred if the Halcon transaction had been consummated in accordance with the assumptions set forth below, and it s not intended to be a forecast of future operating results or financial position.

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RAM Energy Resources, Inc.

Pro Forma Consolidated Balance Sheet

September 30, 2011

(unaudited)

(in thousands, except per share amounts)

Basis of Presentation

The pro forma consolidated balance sheet at September 30, 2011 has been prepared to reflect the Halcon transaction, the paydown and termination of the revolving credit facility and the second lien term facility and the change of control payments resulting from the Halcon transaction as if such transactions occurred on September 30, 2011.

	Historical	Halcon Transaction	Debt Paydown	Change In Control Payments	Tax effect of Adjustments and Other	Pro Forma
ASSETS						
CURRENT ASSETS:						
Cash and cash equivalents	$ 44	$ 275,000(1)	$ (200,000)(3)	$ (5,497)(4)		$ 327,631
		(5,600)(1)	(1,500)(3)	(3,376)(5)		
		275,000(2)		(840)(6)		
		(5,040)(2)				
		(560)(2)				
Accounts Receivable:						
Oil and natural gas sales	8,394					8,394
Joint interest billing	443					443
Other	452					452
Derivative assets	5,070					5,070
Prepaid expenses	540					540
Inventory	3,883					3,883
Other current assets	537					537
Total current assets	19,363	538,800	(201,500)	(9,713)	0	346,950
PROPERTIES AND EQUIPMENT, AT COST:						
Proved oil and natural gas properties and equipment, using full cost accounting	708,984					708,984
Other property and equipment	10,471					10,471
	719,455	0	0	0	0	719,455
Less accumulated depreciation, amortization and impairment	(505,179)					(505,179)
Total properties and equipment	214,276	0	0	0	0	214,276
OTHER ASSETS:						
Deferred tax asset	26,289				7,571(7)	33,860
Derivative assets	8,125					8,125
Deferred loan costs	6,287	5,040(2)	(3,095)(3)			5,040
			(3,192)(3)			
Other	988					988

Total assets	$ 275,328	$ 543,840	$ (207,787)	$ (9,713)	$ 7,571	$ 609,239

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	Historical	Halcon Transaction	Debt Paydown	Change In Control Payments	Tax effect of Adjustments and Other	Pro Forma
LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIT)						
CURRENT LIABILITIES:						
Accounts payable:						
Trade	$ 10,361					$ 10,361
Oil and natural gas proceeds due others	8,924					8,924
Other	3					3
Accrued liabilities:						
Compensation	1,524			(301)(4)		1,223
Interest	475					475
Income taxes	318					318
Other	97					97
Deferred tax liability	2,891				757(7)	3,648
Derivative liabilities	264					264
Asset retirement obligations	367					367
Long-term debt due within one year	146					146
Total current liabilities	25,370	0	0	(301)	757	25,826
DERIVATIVE LIABILITIES	303					303
LONG-TERM DEBT	200,252	248,961(2)	(200,000)(3)			249,213
ASSET RETIREMENT OBLIGATIONS	31,968					31,968
OTHER LONG-TERM LIABILITIES	10					10
COMMITMENTS AND CONTINGENCIES						
STOCKHOLDERS EQUITY (DEFICIT):						
Common stock, $0.0001 par value	8	22(1)				30
Additional paid-in capital	228,616	274,978(1)		3,078(5)		526,551
		(5,600)(1)				
		26,039(2)				
		(560)(2)				
Treasury stock	(7,093)			(1,508)(5)		(8,601)
Accumulated deficit	(204,106)		(1,500)(3)	(5,196)(4)	6,814(7)	(216,061)
			(3,095)(3)	(4,946)(5)		
			(3,192)(3)	(840)(6)		
Stockholders equity	17,425	294,879	(7,787)	(9,412)	6,814	301,919
Total liabilities and stockholders equity	$ 275,328	$ 543,840	$ (207,787)	$ (9,713)	$ 7,571	$ 609,239

(1) To reflect the issuance of 220,000,000 shares of common stock for proceeds of $275 million and estimated equity issuance costs of $5.6 million.

(2) To reflect the issuance of a $275 million face value Note and the issuance of Warrants. This adjustment also includes estimated debt issue costs of $5.0 million and estimated warrant issuance costs of $560,000. The Note is reflected at fair value, resulting in a discount of $26.0 million from face value.

(3) To reflect paydown on the Company s revolving credit facility and second lien term loan of $200 million, including a $1.5 million prepayment fee on the second lien term loan. Additionally to reflect the write-off of unamortized debt issue costs related to the second lien term loan and the revolving credit facility of $3.1 million and $3.2 million, respectively, due to termination of the facilities upon the change in control resulting from the Halcon transaction. Assumes the revolving credit facility will terminate pursuant to the contractual terms of the agreement.

(4) To reflect change in control payments payable to the officers of the Company.

(5) To reflect exercise of all share appreciation rights and accelerated vesting of unvested employee restricted stock shares resulting from the change in control, as well as net share settlements for employee taxes resulting in the acquisition of treasury stock. Assumes no share appreciation rights are exercised between December 31, 2011 and the date of the change in control and a market price of $3.13 per share for the Company s stock on the date of settlement.

(6) To reflect a termination payment pursuant to a special retainer agreement with the Company s outside law firm. The retainer agreement provides for a termination payment in the event of a change in control of approximately $840,000.

(7) To reflect the tax effect of the pro forma balance sheet adjustments using the statutory tax rate.

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RAM Energy Resources, Inc.

Pro Forma Consolidated Statement of Operations

Year Ended December 31, 2010

(unaudited)

(in thousands, except share and per share amounts)

Basis of Presentation

The pro forma consolidated statement of operations has been prepared to reflect adjustments due to changes in the Company s borrowings resulting from the issuance of a $275 million face value Note and the paydown and termination of the Company s revolving credit facility and second lien term facility as if such transactions occurred on January 1, 2010. Non-recurring expenses have been omitted.

	Historical	Issue Note	Paydown of Credit Facilities	Tax Effect	Proforma
REVENUES AND OTHER OPERATING INCOME:					
Oil and natural gas sales					
Oil	$ 76,563				$ 76,563
Natural gas	20,265				20,265
NGLs	14,156				14,156
Total oil and natural gas sales	110,984				110,984
Realized losses on derivatives	(5,193)				(5,193)
Unrealized gains on derivatives	6,386				6,386
Other	157				157
Total revenues and other operating income	112,334				112,334
OPERATING EXPENSES:					
Oil and natural gas production taxes	6,063				6,063
Oil and natural gas production expenses	33,891				33,891
Depreciation and amortization	27,225				27,225
Accretion expense	1,527				1,527
Share-based compensation	3,110				3,110
General and administrative, overhead and other expenses, net of operator s overhead fees	14,799				14,799
Total operating expenses	86,615				86,615
Operating income	25,719				25,719
OTHER INCOME (EXPENSE):					
Interest expense	(22,655)	(22,000)(1)	20,523(2)		(27,272)
		(1,008)(1)	2,088(2)		
		(4,220)(1)			
Interest income	27				27
Other income	321				321
INCOME (LOSS) BEFORE INCOME TAXES	3,412	(27,228)	22,611		(1,205)
INCOME TAX PROVISION (BENEFIT)	995			(1,676)(3)	(681)

Net income (loss)	$ 2,417	$ (27,228)	$ 22,611	$ 1,676	$ (524)
BASIC INCOME (LOSS) PER SHARE	$ 0.03				$ (0.00)(4)
BASIC WEIGHTED AVERAGE SHARES OUTSTANDING	78,426,179				298,426,179
DILUTED INCOME (LOSS) PER SHARE	$ 0.03				$ (0.00)(4)
DILUTED WEIGHTED AVERAGE SHARES OUTSTANDING	78,426,179				298,426,179

(1) To reflect an increase in interest expense ($22.0 million) and adjust interest expense for debt issue cost amortization ($1.0 million) and debt discount amortization ($4.2 million) related to the issuance of a $275 million face value Note. Assumes interest payments are paid in cash and are not paid in kind by the issuance of additional notes to satisfy accrued interest payments.

(2) To reflect a reduction of interest expense ($20.5 million) and debt issue cost amortization ($2.1 million) resulting from the paydown and termination of the revolving credit facility and the second lien term facility. Assumes the revolving credit facility terminates pursuant to the change in control provision of the agreement.

(3) To reflect the tax effect of pro forma interest expense adjustments using the statutory tax rate.

(4) Basic and diluted earnings per share were calculated by increasing the historical weighted average shares outstanding of 78,426,179 by 220,000,000 common shares pursuant the terms of the Halcon transaction. The Note and Warrants are antidilutive and were not included in the diluted earnings per share calculation.

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Material nonrecurring items that result directly from this transaction and will be included in our income within twelve months following this transaction and are not included in the above pro forma statement of operations are as follows:

The issuance of stock contemplated by this transaction will result in a change of control. The officers will receive change in control payments of approximately $5.1 million.

The change in control will result in the exercise of all share appreciation rights and accelerated vesting for all unvested restricted stock shares issued to employees and officers of the Company. Expense to be recorded upon the change in control is approximately $4.9 million assuming no share appreciation rights are exercised between December 31, 2011 and the date of the change in control and a market price of $3.13 per share for the Company s stock on the date of settlement.

Prepayment of the second lien term facility will result in a prepayment fee of approximately $1.5 million.

The Company will expense unamortized debt issue costs related to the second lien term loan and the revolving credit facility of $3.1 million and $3.2 million, respectively, due to termination of the facilities upon the change in control. Assumes the facilities will both terminate pursuant to the contractual terms of the agreements.

The Company is a party to a special retainer agreement with its outside law firm. The retainer agreement provides for a termination payment in the event of a change in control of approximately $840,000.

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RAM Energy Resources, Inc.

Pro Forma Consolidated Statement of Operations

Nine Months Ended September 30, 2011

(unaudited)

(in thousands, except share and per share amounts)

Basis of Presentation

The pro forma consolidated statement of operations has been prepared to reflect adjustments due to changes in the Company s borrowings resulting from the issuance of a $275 million face value Note and the paydown and termination of the Company s revolving credit facility and second lien term loan facility as if such transactions occurred on January 1, 2010. Non-recurring expenses have been omitted.

	Historical	Issue Note	Paydown of Credit Facilities	Tax Effect	Proforma
REVENUES AND OTHER OPERATING INCOME:					
Oil and natural gas sales					
Oil	$ 62,150				$ 62,150
Natural gas	8,252				8,252
NGLs	7,582				7,582
Total oil and natural gas sales	77,984				77,984
Realized losses on derivatives	(1,186)				(1,186)
Unrealized gains on derivatives	18,519				18,519
Other	124				124
Total revenues and other operating income	95,441				95,441
OPERATING EXPENSES:					
Oil and natural gas production taxes	4,280				4,280
Oil and natural gas production expenses	24,048				24,048
Depreciation and amortization	15,654				15,654
Accretion expense	1,223				1,223
Share-based compensation	2,227				2,227
General and administrative, overhead and other expenses, net of operator s overhead fees	10,913				10,913
Total operating expenses	58,345				58,345
Operating income	37,096				37,096
OTHER INCOME (EXPENSE):					
Interest expense	(13,750)	(16,500)(1)	10,390(2)		(20,790)
		(756)(1)	3,325(2)		
		(3,499)(1)			
Interest income	4				4
Loss on interest rate derivatives	(698)				(698)
Other expense	(572)				(572)
INCOME BEFORE INCOME TAXES	22,080	(20,755)	13,715		15,040
INCOME TAX PROVISION (BENEFIT)	11,279			(2,556)(3)	8,723
Net income (loss)	$ 10,801	$ (20,755)	$ 13,715	$ 2,556	$ 6,317

BASIC INCOME PER SHARE	$	0.14	$	0.02(4)
BASIC WEIGHTED AVERAGE SHARES OUTSTANDING		78,762,799		298,762,799
DILUTED INCOME PER SHARE	$	0.14	$	0.02(4)
DILUTED WEIGHTED AVERAGE SHARES OUTSTANDING		78,762,799		298,762,799

(1) To reflect an increase in interest expense ($16.5 million) and adjust interest expense for debt issue cost amortization ($0.8 million) and debt discount amortization ($3.5 million) related to the issuance of a $275 million face value Note.

(2) To reflect a reduction of interest expense ($10.4 million) and debt issue cost amortization of ($3.3 million) resulting from the paydown and termination of the revolving credit facility and the second lien term facility. Assumes the revolving credit facility terminates pursuant to the change in control provision of the agreement.

(3) To reflect the tax effect of pro forma interest expense adjustments using the statutory tax rate.

(4) Basic and diluted earnings per share were calculated by increasing the historical weighted average shares outstanding of 78,762,799 by 220,000,000 common shares pursuant to the terms of the Halcon transaction. The Note and Warrants are antidilutive and were not included in the diluted earnings per share.

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Tax Consequences

Halcon s purchase of our common stock will constitute an ownership change under Section 382 of the Code because it will acquire more than 50% of our outstanding voting shares after the transaction is closed. As a consequence, we will be limited in our ability to use the net operating losses we have accrued before Halcon s purchase, which we refer to as pre-change losses, as a deduction against any taxable income we realize after the purchase. At September 30, 2011, we had available, to reduce future taxable income, an estimated federal net operating loss carryforward of approximately $45,235,274, which expires in the years 2021 through 2029. Our pre-change losses also will include a portion of any losses we accrue for the year in which the Halcon transaction closes.

The rules under section 382 provide generally that the annual maximum amount of our pre-change losses that we can use against our post-change income is equal to our value before Halcon s purchase multiplied by a benchmark interest rate published monthly by the Internal Revenue Service. If the transaction were consummated as of January 4, 2012, our value would be $245,868,499 and the interest rate multiplier would be 3.77%, so that the maximum amount of our pre-change losses that we could use in any post-change year would be $9,269,242. That amount may be increased by our unrealized built-in gains and reduced by our unrealized built-in losses that we recognize during the five years following the Halcon stock purchase. Built-in gains and built-in losses are the amounts by which the values of our assets as of the date of Halcon s stock purchase exceed or are exceeded by our tax basis in the assets. We will make an appraisal of our assets prior to the closing of the Halcon transaction to determine the amounts of our unrealized built-in gains and built-in losses.

The estimate above assumes total shares issued of 78,552,236 and a trade value of those shares on the day before the change in control of $3.13 per share. The limitation also assumes that the applicable federal rate continues to decline slightly in January such that the highest three month average of the long term federal exempt rate applicable for the limitation would be 3.77%.

AMENDMENTS TO OUR CERTIFICATE OF INCORPORATION

Our authorized capital stock consists of 101,000,000 shares, of which 100,000,000 are common stock and 1,000,000 are preferred stock. On December 21, 2011, our board of directors approved amendments to our certificate of incorporation to (i) increase the number of authorized shares of our capital stock from 101,000,000 to 1,011,000,000 shares, of which 1,010,000,000 will be common stock and 1,000,000 will be preferred stock, (ii) change our corporate name to Halcon Resources Corporation, and (iii) effect a one-for-three reverse stock split of our common stock. The amendment to our certificate of incorporation increasing the number of shares of our authorized capital stock and changing our name will be filed with the Delaware Secretary of State and will become effective in connection with the closing. The text of the proposed amendment to be filed at closing is included in the Second Amended and Restated Certificate of Incorporation attached as *Appendix F* to this information statement. The amendment to our certificate of incorporation effecting a one-for-three reverse stock split will be filed at some time following the closing, as determined by our board of directors. The amendments have been approved by written consent by the holders of a majority of our outstanding common stock on January , 2012. In the event the closing of the Halcon transaction does not occur, the amendments will not be filed and will be of no force or effect.

Reasons for the Amendments

Under Delaware corporate law, we are required to obtain approval from our stockholders to amend our certificate of incorporation in the manner discussed above. Our certificate of incorporation currently authorizes the issuance of up to 101,000,000 shares of capital stock, consisting of 100,000,000 shares of common stock and 1,000,000 shares of preferred stock.

As of January 13, 2012, the record date for approving the Halcon transaction, we had shares of common stock available for future issuances in excess of the outstanding common stock and shares of common

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stock that have been reserved for issuance under our 2006 Plan. If the Halcon transaction is consummated, there would be an aggregate deficit of shares of common stock on a fully diluted basis after consideration of shares reserved for issuance under our 2006 Plan and upon conversion or exercise of the note and warrants issued in the Halcon transaction.

Our board of directors believes that it is very important to have available for issuance a number of authorized shares of common stock that will be adequate to provide for future stock issuances to meet our obligations described above and for future corporate needs. The additional authorized shares would be available for issuance from time-to-time at the discretion of the board of directors without further stockholder action except as may be required for a particular transaction by law, the policies of NASDAQ or other relevant securities exchange, or other agreements and restrictions, including restrictions pursuant to the terms of outstanding preferred stock, if any. The shares would be issuable for any proper corporate purpose, including future acquisitions, capital raising transactions involving the issuance of either equity or convertible debt, stock splits or issuances under current and future employee or director benefit plans. The board of directors believes that these additional shares will provide us with needed flexibility to issue shares in the future without potential expense and delay incident to obtaining stockholder approval for a particular issuance. Except for the Halcon transaction and other matters described herein, and in accordance with our 2006 Plan, we do not currently have any plans, understandings or agreements for the issuance or use of the additional shares of common stock or preferred stock.

At Halcon s request, our board of directors approved and recommended to our stockholders a one-for-three reverse stock split of our common stock effective on a date that is after the closing of the Halcon transaction. The reverse stock split will be implemented to provide a stock price that is attractive and suitable to a broader range of potential investors following the closing of the Halcon transaction.

Also at Halcon s request, our board of directors approved an amendment to our certificate of incorporation changing our corporate name to Halcon Resources Corporation. The reason for the change of our corporate name is to reflect the significant infusion of capital by Halcon and to identify us more closely with the new ownership and management structure resulting from the closing of the Halcon transaction.

Principal Effects on Outstanding Common Stock

Holders of our common stock have the rights specified under The Halcon Transaction Description of Our Common Stock. The increase in the authorized capital stock will affect the rights of existing holders of common stock to the extent that issuances pursuant to the Halcon transaction and future issuances of common stock will reduce each existing stockholder s proportionate ownership.

Although not a factor in the decision by the board of directors to increase our authorized capital stock, one of the effects of such increase may be to enable the board of directors to render more difficult or to discourage an attempt to obtain control of us by means of a merger, tender offer, proxy contest, or otherwise, and thereby protect the continuity of then present management. Our board of directors would have additional shares of common stock available to effect, unless prohibited by the regulations of NASDAQ, applicable law or other agreements or restrictions, a sale of shares (either in public or private transactions), merger, consolidation or similar transaction in which the number of our outstanding shares would be increased and would thereby reduce the interest of a party attempting to obtain control of us.

As a result of the one-for-three reverse stock split of our common stock effective on a date that is after the of the closing of the Halcon transaction, each share of our common stock outstanding immediately prior the filing of the amendment to our certificate of incorporation effecting the reverse stock split will represent one-third of one share of our common stock, or each three shares held prior to the split will result in one post-split share. This will result in each holder of our common stock immediately prior to the reverse stock split owning one-third of the number of shares of common stock owned by such holder prior to the reverse stock split, but with each such

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new share having three times the value as the pre-split shares, subject, of course, to such changes in the trading prices of the post-split shares as may result from open market trading. No fractional shares or scrip of our common stock shall be issued in connection with the reverse stock split. In lieu of a fractional share, we shall pay cash equal to the product of such fraction multiplied by the per share stock price of one share of our common stock on the effective date of the reverse stock split.

AMENDMENT TO OUR 2006 PLAN

After careful consideration, our board of directors unanimously approved an amendment to our 2006 Plan, which we refer to as the Third Amendment, to increase the number of shares available under the 2006 Plan effective as of the closing date of the Halcon transaction. On January , 2012, our majority stockholders executed a written consent approving the Third Amendment effective as of the closing date of the Halcon transaction. Our 2006 Plan was originally approved by our stockholders on May 8, 2006.

Increase in Shares Available under the 2006 Plan

Our 2006 Plan provides that a maximum of 7,400,000 shares of common stock may be issued in conjunction with equity-based incentive awards granted to our officers, directors, employees and consultants under our 2006 Plan. At December 31, 2011 1,474,351 shares of our common stock remained available for awards to be granted under 2006 Plan. Our board of directors considers our 2006 Plan to be an important attraction, retention and motivational tool for eligible participants and believes that the number of shares currently available under our 2006 Plan would be insufficient to continue our 2006 Plan in future periods following the Halcon transaction. Therefore, our board of directors approved and recommended to our stockholders, and our majority stockholders approved, the Third Amendment to increase the total number of shares of our common stock authorized to be issued in conjunction with awards made under our 2006 Plan by an additional 3,700,000 shares, for a new share limit of 11,100,000 shares, effective as of the closing date of the Halcon transaction and before giving effect to the one-for-three reverse stock split, which will result in a proportionate reduction in the number of shares available for issuance under the 2006 Plan. We cannot determine the benefits to be received by our directors or officers as a result of the amendment to the 2006 Plan, or the benefits which would have been received by our directors and officers in prior years had the amendment to the 2006 Plan been in effect in those years.

For a summary of the principal terms of our 2006 Plan, see Executive Compensation- 2006 Long-Term Incentive Plan. The full text of the Third Amendment to our 2006 Plan is set forth on Appendix E to this information statement. A copy of our original 2006 Plan document was filed with the SEC as Exhibit C to our proxy statement on April 18, 2006. A copy of the First Amendment to the 2006 Plan was filed with the SEC as Exhibit A to our proxy statement on April 8, 2008. A copy of the Second Amendment to the 2006 Plan was filed with the SEC as Exhibit A to our proxy statement on April 4, 2010. Copies of the original 2006 Plan, the First Amendment to the 2006 Plan and the Second Amendment to the 2006 Plan may be obtained without charge by written request to:

G. Les Austin

Vice-President

RAM Energy Resources, Inc.

5100 East Skelly Drive, Suite 650

Tulsa, OK 74135

(918) 632-0680

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SECURITY OWNERSHIP OF CERTAIN

BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information regarding the beneficial ownership of our common stock as of January 13, 2012, the record date for the approval of the Halcon transaction by our stockholders, by:

each person known by us to be the beneficial owner of more than 5% of our outstanding shares of common stock;

each of our named executive officers;

each of our directors; and

all our current executive officers and directors as a group.

The table also reflects the beneficial ownership of each such stockholder and group following the closing of the Halcon transaction, before giving effect to the one-for-three reverse stock split. Except as indicated in the footnotes to the table, each stockholder has sole voting and investment power with respect to all shares of common stock indicated as being beneficially owned by such stockholder.

Name and Address of Beneficial Owner	Number of Shares	Percent of Class(1)	Shares of Common Stock Beneficially Owned after Closing the Halcon Transaction(1)	Percent of Class After Closing the Halcon Transaction
Larry E. Lee(2)(3)(16)	39,798,759	50.5%	11,268,051	3.8%
Britani Talley Bowman(4)(5)(16)	39,798,759	50.5%	9,500,000	3.2%
Larry G. Rampey(2)	388,546	*	388,546	*
Drake N. Smiley(2)	476,743	*	476,743	*
Gerald R. Marshall(2)(16)	39,868,759	50.6%	160,888	*
John M. Reardon(2)(16)	39,798,759	50.5%	268,834	*
Sean P. Lane(6)(16)	39,798,759	50.5%	161,388	*
G. Les Austin(2)	386,870	*	386,870	*
Jefferies & Company, Inc.(7)(16)	39,798,759	50.5%	17,198,366	5.8%
Lawrence S. Coben(8)(16)	39,841,759	50.6%	1,346,245	*
Halcon Resources LLC(9)(10)	-0-	N/A	330,000,000	80.1%
Floyd C. Wilson(11)	-0-	N/A	-0-	N/A
David B. Miller(10)(12)	-0-	N/A	330,000,000	80.1%
E. Murphy Markham IV(12)	-0-	N/A	-0-	N/A
Mark A. Welsh IV(12)	-0-	N/A	-0-	N/A
Daniel A. Rioux(13)	-0-	N/A	-0-	N/A
Tucker S. Bridwell(14)	-0-	N/A	-0-	N/A
James L. Irish III(14)	-0-	N/A	-0-	N/A
Thomas R. Fuller(14)	-0-	N/A	-0-	N/A
Stephen P. Smiley(14)	-0-	N/A	-0-	N/A
James W. Christmas(14)	-0-	N/A	-0-	N/A
Mark J. Mize(15)	-0-	N/A	-0-	N/A
All pre-closing directors and executive officers as a group (7 individuals)	41,120,918	52.4%	13,111,320	4.4%

* Less than 1%

(1) The outstanding shares of common stock used to determine the percentage of shares beneficially owned by the designated stockholders do not include 1,474,351 shares that may be granted by us as awards under our 2006 Plan. Shares of common stock that are not outstanding, but which a designated stockholder has the right to acquire within 60 days, are included in the number of shares beneficially owned by such stockholder and are deemed to be outstanding for purposes of determining the percentage of outstanding shares beneficially owned by such stockholder, but not for purposes of determining the percentage of outstanding shares beneficially owned by any other designated stockholder.

(2) The business address of this person is 5100 E. Skelly Drive, Suite 650, Tulsa, Oklahoma 74135.
(3) Includes 10,951,038 shares owned by family trusts for the benefit of Mr. Lee s family.
(4) Ms. Bowman s business address is 3155 East 86th Street, Tulsa, Oklahoma 74137.
(5) These shares are held by Danish Knights, A Limited Partnership. Ms. Bowman beneficially owns 98.5% of Danish Knights and is the custodian for a 1.3% interest owned by her minor child. Dannebrog Corporation, the general partner of Danish Knights, owns the remaining 0.2% interest. Ms. Bowman is the president and sole director of Dannebrog Corporation. Accordingly, Ms. Bowman exercises voting and dispositive power over all shares held by Danish Knights.
(6) Mr. Lane s business address is 122 E. 42nd Street, Suite 2308, New York, NY 10168.
(7) Reflects shares beneficially owned by (i) Jefferies & Company, Inc. (Jefferies), (ii) Jefferies Group, Inc. (Jefferies Group), (iii) Jefferies High Yield Trading, LLC (Trading) and (iv) Jefferies High Yield Holdings, LLC (Holdings) as reported on a Schedule 13D filed by Jefferies on December 30, 2011. The business address of Jefferies and Jefferies Group is 520 Madison Ave., 12th Floor, New York, NY 10022. The business address of Trading and Holdings is The Metro Center, One Station Place, Three North, Stamford, Connecticut 06902. Beneficial ownership among these parties is as follows:

Jefferies may be deemed to be the beneficial owner of 17,198,367 shares of our stock. This number consists of (i) 2,244,314 shares of our stock held for its own account, and (ii) 14,954,053 shares of our stock held for the account of Trading.

Jefferies Group may be deemed to be the beneficial owner of 17,198,367 shares of our stock. This number consists of (i) 2,244,314 shares of our stock held for the account of Jefferies, and (ii) 14,954,053 shares of our stock held for the account of Trading.

Trading may be deemed to be the beneficial owner of 14,954,053 shares of our stock. This number consists of 14,954,053 shares of our stock held for its own account.

Holdings may be deemed to be the beneficial owner of 14,954,053 shares of our stock. This number consists of 14,954,053 shares of our stock held for the account of Trading.

None of the parties admits that Jefferies, Trading, Holdings, or Jefferies Group is, for purposes of Sections 13(d) or 13(g) of the Exchange Act, the beneficial owner of any shares not held directly for the account of each such entity.

(8) The business address of this person is 40 West 22nd Street #11, New York, NY 10010.
(9) Halcon s business address is 1000 Louisiana St., Suite 6905, Houston, Texas 77002.
(10) Includes shares that Halcon will have the right to purchase immediately after the closing upon exercise of the warrants. EnCap Energy Capital Fund VIII, L.P. (EnCap Fund VIII) owns a majority of the membership interests in Halcon and has the contractual right to nominate a majority of the members of the board of managers of Halcon. EnCap Fund VIII may be deemed to beneficially own all of the reported securities held by Halcon. EnCap Fund VIII is controlled indirectly by David B. Miller, Gary R. Petersen, D. Martin Phillips and Robert L. Zorich. Messrs. Miller, Petersen, Phillips and Zorich are members of RNBD GP LLC (RNBD) and any action taken by RNBD to dispose or acquire securities has to be unanimously approved by all four members. RNBD is the sole member of EnCap Investments GP, L.L.C. (EnCap Investments GP), which is the general partner of EnCap Investments L.P. (EnCap Investments LP), which is the general partner of EnCap Equity Fund VIII GP, L.P. (EnCap Fund VIII GP), which is the general partner of EnCap Fund VIII. Messrs. Miller, Petersen, Phillips and Zorich, RNBD, EnCap Investments GP, EnCap Investments LP and EnCap Fund VIII GP may be deemed to share dispositive power over the securities held by Halcon; thus, they may also be deemed to be the beneficial owners of these securities. Each of Messrs. Miller, Petersen, Phillips and Zorich, RNBD, EnCap Investments GP, EnCap Investments LP, EnCap Fund VIII GP and EnCap Fund VIII disclaims beneficial ownership of the reported securities in excess of such entity s or person s respective pecuniary interest in the securities.
(11) Mr. Wilson will serve as the Chairman of the Board of Directors, Chief Executive Officer and President upon closing of the Halcon transaction. Mr. Wilson s business address is 1000 Louisiana St., Suite 6905, Houston, Texas 77002.

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(12) This person will be appointed as a director upon closing of the Halcon transaction. The business address of this person is 3811 Turtle Creek Blvd., Suite 1080, Dallas, Texas 75219.

(13) This person will be appointed as a director upon closing of the Halcon transaction. The business address of this person is 175 Berkeley Street, Boston, Massachusetts 02116.

(14) This person will be appointed as a director upon closing of the Halcon transaction. The business address of this person is 1000 Louisiana St., Suite 6905, Houston, Texas 77002.

(15) Mr. Mize will serve as the Chief Financial Officer upon closing of the Halcon transaction. Mr. Mize s business address is 1000 Louisiana St., Suite 6905, Houston, Texas 77002.

(16) This person is a party to the stockholders agreement entered into in connection with the Halcon transaction, pursuant to which such person agreed to vote his or its shares in favor of the Halcon transaction. All stockholders that are a party to the stockholders agreement are deemed to have formed a group under Section 13(d) of the Exchange Act and are also deemed to beneficially own all equity securities of the Company owned by members of the group. The group jointly filed a Schedule 13D with the SEC on December 30, 2011 with respect to the group s and its members beneficial ownership of our common stock.

DIRECTOR AND EXECUTIVE OFFICER INFORMATION

Directors

Pursuant to the requirements of the purchase agreement, upon closing, each of Messrs. John M. Reardon, Sean P. Lane and Gerald R. Marshall will resign as directors. Mr. Larry E. Lee, as sole remaining director, will then appoint Mr. Floyd C. Wilson to fill one of the vacancies created by the resignations, immediately following which Mr. Lee will resign. Mr. Wilson will then appoint new directors to fill the remaining vacancies on the board in each of the respective classes of directors. These persons along with Mr. Wilson will serve in their respective classes until the next annual meeting of our stockholders at which such class is subject to election. Also in accordance with the terms of the purchase agreement, Mr. Wilson will be elected by the board of directors as president, chief executive officer and chairman of our board.

The following is information regarding the persons who we anticipate will serve as our new board of directors. Such persons have consented to serve as directors if so elected or appointed. None of these persons currently is a director of, or holds any position with, us. Halcon has informed us that, to its knowledge, none of these persons beneficially owns any equity securities or rights to acquire any equity securities of RAM, has a familial relationship with any director or executive officer of RAM or has been involved in any transactions with RAM or any of its directors, executive officers or affiliates that are required to be disclosed pursuant to the rules of the SEC.

Each of the persons listed below has informed us that, to the best of his knowledge, he has not, during the past ten years, (i) been convicted in a criminal proceeding (excluding traffic violations or misdemeanors) or (ii) been a party to any judicial or administrative proceeding (except for matters that were dismissed without sanction or settlement) that resulted in a judgment, decree or final order enjoining the person from future violations of, or prohibiting activities subject to, U.S. federal or state securities laws, or a finding of any violation of U.S. federal or state securities laws.

Floyd C. Wilson, age 64, will serve as the Chairman of the Board of Directors, Chief Executive Officer and President. Mr. Wilson served as Chairman of the Board and Chief Executive Officer of Petrohawk Energy Corporation from May 25, 2004 until BHP Billiton acquired Petrohawk for $15.1 billion, including assumed debt, in August 2011. Mr. Wilson also served as President of Petrohawk from May 25, 2004 until September 8, 2009. Prior to May 25, 2004, he was President and Chief Executive Officer of PHAWK, LLC which he founded in June 2003. Mr. Wilson was the Chairman and Chief Executive Officer of 3TEC Energy Corporation from August 1999 until its merger with Plains Exploration & Production Company in June 2003. Mr. Wilson founded W/E Energy Company L.L.C., formerly known as 3TEC Energy Company L.L.C. in 1998 and served as its President until August 1999. Mr. Wilson began his career in the energy business in Houston, Texas in 1970 as a completion engineer. He moved to Wichita, Kansas in 1976 to start an oil and gas operating company, one of several private energy ventures which preceded the formation of Hugoton Energy Corporation in 1987, where he served as Chairman, President and Chief Executive Officer. In 1994, Hugoton completed an initial public offering and was merged into Chesapeake Energy Corporation in 1998.

David B. Miller, age 61, currently serves as a Managing Partner of EnCap Investments L.P. From 1988 to 1996, Mr. Miller served as President of PMC Reserve Acquisition Company, a partnership jointly-owned by EnCap and Pitts Energy Group. Prior to the establishment of EnCap, he served as Co-Chief Executive Officer of MAZE Exploration Inc., a Denver-based oil and gas company he co-founded in 1981. Mr. Miller began his professional career with Republic National Bank of Dallas, ultimately serving as Vice President and Manager of the bank s wholly-owned subsidiary, Republic Energy Finance Corporation. Mr. Miller is a graduate of Southern Methodist University, having received Bachelors and Masters Degrees in Business Administration in 1972 and 1973, respectively. In 2004, Mr. Miller was appointed to the National Petroleum Council, an advisory body to the Secretary of Energy, and he is a member of the Board of Advisors of the Maguire Energy Institute. Additionally, he is a member of the Independent Petroleum Association of America, the Texas Independent Producers and

Royalty Owners Association and the Western Energy Alliance. Mr. Miller currently serves on the board of trustees for Southern Methodist University and of the board of directors of several EnCap portfolio companies.

E. Murphy Markham IV, age 53, currently serves as a Partner of EnCap Investments L.P. Prior to joining EnCap in July 2006, Mr. Markham was the Managing Director and Group Head of JPMorgan Chase s Oil & Gas Finance Group. Prior to the merger between JPMorgan and Bank One, Mr. Markham ran Bank One s Oil & Gas Group. Mr. Markham started his banking career with Republic Bank in 1981 and remained with the bank and its ultimate successor, Bank of America, for 22 years, serving as a Managing Director in its Energy Banking Group. Mr. Markham has a Bachelor of Business Administration in Finance from Texas Tech University and a Masters of Business Administration in Accounting from the University of Houston. He serves on the board of directors of the Independent Petroleum Association of America, the Western Energy Alliance and the Dallas Petroleum Club Wildcat Committee. Mr. Markham serves on the board of directors of several EnCap portfolio companies.

Mark A. Welsh IV, age 32, currently serves as a Director of EnCap Investments L.P. Mr. Welsh has 10 years of experience in private equity, including six years with EnCap. Prior to joining EnCap, Mr. Welsh served as a financial analyst with The Blackstone Group L.P. and as a Vice President with Adam Corporation. Mr. Welsh received a Bachelor of Business Administration degree in Finance from Texas A&M University, where he was recognized with the Brown-Rudder Award as the outstanding graduate in his class. Mr. Welsh serves on the board of directors of several EnCap portfolio companies.

Daniel A. Rioux, age 43, is the current Co-President and Chief Executive Officer of Liberty Energy Holdings, LLC. From 2001 to 2008, Mr. Rioux served as Vice President of Liberty Energy Holdings, LLC, where he managed the company s private equity and direct oil and gas working interest portfolios. From 1993 until 2000, Mr. Rioux was employed by Liberty Energy Corporation, a subsidiary of Liberty Energy Holdings, LLC and currently serves as a director of Axia Energy, LLC, a Denver-based exploration and production company. Mr. Rioux previously served as a Director of Petrohawk Energy Corporation from 2004 to 2006 and as a director of Energy Transfer Equity from 2002 to 2006. He also served as a director of the Independent Petroleum Association of American from 2003 to 2011. Mr. Rioux holds a B.S. in Finance from Bryant College and an M.B.A from Babson College.

Tucker S. Bridwell, age 60, served as a director of Petrohawk Energy Corporation from May 2004 until December 2010. Mr. Bridwell has been the President of Mansefeldt Investment Corporation and the Dian Graves Owen Foundation since September 1997 and manages investments in both entities. He has been in the energy business in various capacities for over 27 years, focusing on oil and gas private equity and public oil and gas investments with extensive experience in managing both public and private energy companies. Mr. Bridwell is a Certified Public Accountant and has practiced public accountancy, specializing in oil and gas. He earned a Bachelor of Business Administration degree and a Master of Business Administration degree from Southern Methodist University. He has also served on the audit committees of numerous businesses, including Petrohawk and non-profit organizations. Currently, he serves on the board of directors and audit committees of Concho Resources, Inc. and First Financial Bankshares, Inc. Mr. Bridwell previously served as chairman of First Permian, LLC from 2000 until its sale to Energen Corporation in April 2002.

James L. Irish III, age 67, served as a director of Petrohawk Energy Corporation from May 25, 2004 until BHP Billiton acquired Petrohawk for $15.1 billion, including assumed debt, in August 2011. Mr. Irish served as Petrohawk s Chairman of the Audit Committee and as its Lead Director (Petrohawk s lead independent director). Mr. Irish served as a director of 3TEC Energy Corporation from 2002 until June 2003, and has served as an advisory director of EnCap Investments L.P. since October 2007. For over 30 years, until his retirement in December 2001, Mr. Irish practiced law with Thompson & Knight LLP, a Texas-based law firm that represents multinational and independent oil and gas companies, host government oil and gas companies, large utilities, private power plants, energy industry service companies, refineries, petrochemical companies, financial institutions, and multinational drilling contractors and construction companies. Mr. Irish s practice specialized in the area of energy finance and focused on the representation of insurance companies, pension plan managers,

foundations and other financial institutions with respect to their equity and debt oil and gas investments and their related legal, regulatory and structural issues. Mr. Irish has also represented energy companies in connection with project financings, joint ventures, master limited partnerships and similar matters and has represented banks and other financial institutions with issues of revolving credit, project, term and other oil and gas loans. Mr. Irish served as chair of the energy group of Thompson & Knight LLP and was its sole Vice President or Managing Partner for over ten years prior to his retirement. Mr. Irish has been named since 1987 in Corporate Law by The Best Lawyers in America and has been included as a Texas Super Lawyer by Texas Monthly in Energy & Natural Resources and Securities & Corporate Finance.

Thomas R. Fuller, age 63, served as a director at Petrohawk Energy Corporation from March 6, 2006 until BHP Billiton acquired Petrohawk for $15.1 billion, including assumed debt, in August 2011. Mr. Fuller served on Petrohawk s Reserves Committee and was the Chairman of the Nominating and Corporate Governance Committee. Since December 1988, Mr. Fuller has been a principal of Diverse Energy Management Co., a private upstream acquisition, drilling and production company which also invests in other energy-related companies. Mr. Fuller has earned degrees from the University of Wyoming and the Louisiana State University School of Banking of the South and is a Registered Professional Engineer in Texas. He has 40 years of experience as a petroleum engineer, specializing in economic and reserves evaluation. He has served as an employee, officer, partner or director of various companies, including ExxonMobil, First City National Bank, Hillin Oil Co., Diverse Energy Management Co. and Rimco Royalty Partners. Mr. Fuller also has extensive experience in energy-related merger and acquisition transactions, having generated and closed over 90 producing property acquisitions during his career. As a primary lending officer to many independent energy companies, Mr. Fuller has extensive experience in analyzing and evaluating financial, business and operational strategies for energy companies.

Stephen P. Smiley, age 62, served as a director of Petrohawk Energy Corporation from April 5, 2010 until BHP Billiton acquired Petrohawk for $15.1 billion, including assumed debt, in August 2011. Mr. Smiley served on Petrohawk s Audit Committee and the Nominating and Corporate Governance Committee. Upon his retirement from Hunt Private Equity Group in September 2010, Mr. Smiley founded and is the sole partner of Madison Lane Partners, LLC, an advisory and investment company. Mr. Smiley was the Co-founder and had been President of Hunt Private Equity Group, Inc. since 1996. During his time at Hunt Private Equity Group, he raised and managed a private equity fund to invest in leveraged buyouts and growth financings for various middle market companies. At Hunt Private Equity Group he was also responsible for managing relationships with institutional, family and individual investors, and for sourcing, evaluating, financing and managing the portfolio. Mr. Smiley also serves on the boards of Dynamex, Inc., a publicly traded company where he serves on the compensation, audit, governance and executive committees, and Ginsey Holdings, Inc., where he serves on the audit committee. Before he joined Hunt Private Equity Group, from 1991 to 1995 he co-founded and served as the chief executive officer of Cypress Capital Corporation where he raised and managed a multi-million dollar fund to invest in leveraged buyouts, industry consolidations and growth financings in the middle market. From 1989 to 1991 Mr. Smiley worked in the venture capital group at Citicorp/Citibank, N.A. Mr. Smiley holds a Bachelor of Arts from the University of Virginia and a Master of Business Administration from the College of William and Mary and has 30 years of corporate finance and investing experience and over 20 years of corporate governance experience.

James W. Christmas, age 63, began serving as a director of Petrohawk Energy Corporation on July 12, 2006, effective upon the merger of KCS Energy, Inc. (KCS) into Petrohawk. He continued to serve as a director, and as Vice Chairman of the Board of Directors, for Petrohawk until BHP Billiton acquired all of Petrohawk for $15.1 billion, including assumed debt, in August 2011. He also served on the Audit Committee and the Nominating and Corporate Governance Committee. He served as President and Chief Executive Officer of KCS from 1988 until April 2003 and Chairman of the Board and Chief Executive Officer of KCS until its merger into Petrohawk. Mr. Christmas was a Certified Public Accountant in New York and was with Arthur Andersen & Co. from 1970 until 1978 before leaving to join National Utilities & Industries (NUI), a diversified energy company, as Vice President and Controller. He remained with NUI until 1988, when NUI spun

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out its unregulated activities that ultimately became part of KCS. As an auditor and audit manager, controller and in his role as CEO of KCS, Mr. Christmas was directly or indirectly responsible for financial reporting and compliance with SEC regulations, and as such has extensive experience in reviewing and evaluating financial reports, as well as in evaluating executive and board performance and in recruiting directors.

Executive Officers

Officers are appointed to serve until the meeting of the board of directors following the next annual meeting of stockholders and until their successors have been elected and qualified. The following information is provided about our current executive officers, all of whom will resign at and as a condition to the closing of the Halcon transaction:

Larry E. Lee, age 63, has served as our chairman, president and chief executive officer since May 2006. He is a founder of our wholly owned subsidiary, RAM Energy, Inc., or RAM Energy, and has served as its president and, with the exception of the period from June 1992 to November 1997, when he served as chief operating officer, he has served as its chief executive officer since September 1987. Mr. Lee became chairman of the board of directors of RAM Energy in October 2005. Mr. Lee has been active in the oil and gas industry since 1976. Mr. Lee worked for the private companies of Goldman Enterprises and Kerr Consolidated before developing the RAM Energy companies in 1984. He served in the public sector as budget director for the city of Oklahoma City from 1971 to 1976, and was a member of the staff of Governor David Boren during 1976. Mr. Lee is a Wildcatter member of the Oklahoma Independent Petroleum Association and a member of the Independent Petroleum Association of America, having previously served as director. Mr. Lee serves on the Board of Trustees, the Executive Committee and Finance Committee of the Philbrook Museum of Art, where he is also chairman of the Nominating Committee. He is a lifetime member of World Presidents Organization. Mr. Lee received his B.B.A. in finance from the University of Oklahoma.

G. Les Austin, age 45, became our senior vice president, chief financial officer, secretary and treasurer on April 1, 2008. Effective October 4, 2011, he was also appointed as our chief operating officer. Mr. Austin served as vice president finance and chief financial officer of Matrix Service Company from June 2004 to March 2008. Mr. Austin had also served Matrix as vice president, accounting and administration, east coast, from March 2003 to May 2004, as vice president of financial reporting and technology from June 2002 to March 2003 and as vice president of financial planning and reporting from April 1999 to May 2002. Mr. Austin served as vice president of finance for Flint Energy Construction Company from February 1994 to March 1999 and prior to February 1994, was an audit manager with Ernst & Young LLP. Mr. Austin received a B.S. in Accounting and Information Technology from Oklahoma State University. He is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants. In addition, Mr. Austin serves as a director on the Advisory Board of Oklahoma State University School of Accounting, as a director on the board of directors of Hospitality House of Tulsa and as a member of the Sales Tax Oversite Committee for the City of Tulsa.

Larry G. Rampey, age 67, has been an executive officer serving as our senior vice president since May 2006 and a senior vice president of RAM Energy since February 1998, previously serving as vice president of operations since May 1989. Mr. Rampey has 33 years of experience in the operation and management of both domestic and international oil and gas properties. From 1972 until May 1989, Mr. Rampey was employed by Reading & Bates Petroleum Co., holding positions of vice president of international operations and vice president of domestic operations. Mr. Rampey was employed by Amoco prior to joining Reading & Bates. Mr. Rampey is a member of the Society of Petroleum Engineers and the Oklahoma Independent Petroleum Association. Mr. Rampey received his B.S. in Industrial Engineering from Oklahoma State University.

Drake N. Smiley, age 64, has been an executive officer serving as our senior vice president of land and exploration since May 2006 and has held a similar position with RAM Energy since 1998, previously serving as vice president of land since May 1989, with the exception of the period from 1994 until early 1997 when he left RAM Energy s employment to serve as vice president of land with Continental Resources, Inc. He served as vice

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president of land, legal and business development of RAM Energy from February 1997 until December 1997. Prior to joining RAM Energy, Mr. Smiley was employed by Reading & Bates Petroleum Co., serving as manager of land. Before Reading & Bates, he was employed by Cities Service Company. Mr. Smiley has 33 years of experience in the petroleum industry and is a member of the Oklahoma and Tulsa County Bar Associations, the Tulsa and American Associations of Petroleum Landmen and the Oklahoma Independent Petroleum Association. He is a Kappa graduate of the University of Missouri, where he also received his Juris Doctorate.

It is currently anticipated that, in addition to Mr. Wilson, the following person will become an executive officer of RAM after closing:

Mark J. Mize, age 40, will serve as our chief financial officer. Mr. Mize served as Executive Vice President Chief Financial Officer and Treasurer of Petrohawk Energy Corporation from August 10, 2007 until BHP Billiton acquired Petrohawk for $15.1 billion, including assumed debt, in August 2011. Mr. Mize served as the Chief Ethics Officer and Insider Trading Compliance Officer for Petrohawk until June 17, 2009. Additionally, he served as Vice President, Chief Accounting Officer and Controller at Petrohawk from July 2005 until August 10, 2007. Mr. Mize first joined Petrohawk on November 29, 2004 as Controller. Prior to working at Petrohawk, Mr. Mize was the Manager of Financial Reporting of Cabot Oil & Gas Corporation, a public oil and gas exploration company, from January 2003 to November 2004. Prior to his employment at Cabot Oil & Gas Corporation, he was an Audit Manager with PricewaterhouseCoopers LLP from 1996 to 2002. Mr. Mize is a Certified Public Accountant.

Independence of Directors

We adhere to the rules of The NASDAQ Stock Market in determining whether a director is independent. Our board of directors also consults with our counsel to ensure that the board s determinations are consistent with those rules and all relevant securities and other laws and regulations regarding the independence of directors. The NASDAQ listing standards define an independent director generally as a person, other than an officer or employee of a company or any other individual having a relationship which, in the opinion of our board of directors, would interfere with the director s exercise of independent judgment. Consistent with these considerations, our board of directors has affirmatively determined that Messrs. Lane, Marshall and Reardon are independent directors. Mr. Lee is not independent.

Board Meetings and Committees

Our board of directors has the responsibility for establishing our broad corporate policies and for our overall performance. However, the board of directors is not involved in our day-to-day operations. The board of directors is kept informed of our business through discussions with the chairman, president and chief executive officer and other officers, by reviewing analyses and reports provided to it on a regular basis, and by participating in board of directors and committee meetings.

Our board of directors held 18 meetings during 2011, including telephonic meetings, and all of our directors were in attendance at each of these meetings. Our board of directors has established an Audit Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee. In accordance with our bylaws, the board of directors annually elects from its members the members of each Committee.

Audit Committee

Members of our Audit Committee are Sean P. Lane, Gerald R. Marshall and John M. Reardon, with Mr. Marshall acting as chairman.

The Audit Committee is composed of non-employee directors, all of whom currently meet the independence standards of The NASDAQ Stock Market and of Rule 10A-3 promulgated under the Securities

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Exchange Act of 1934, as amended, or the Exchange Act. The Audit Committee annually considers the qualifications of our independent auditor and selects and engages our independent auditor. The Audit Committee meets quarterly with representatives of the independent auditor and is available to meet at the request of the independent auditor.

During these meetings, the Audit Committee receives reports regarding our books of accounts, accounting procedures, financial statements, audit policies and procedures, internal accounting and financial controls, and other matters within the scope of the Audit Committee s duties. The Audit Committee reviews the plans for and the results of audits for us and our subsidiaries. The Audit Committee reviews the independence of the independent auditor, and considers and authorizes the fees for both audit and non-audit services provided by the independent auditor. In 2011, our Audit Committee held six meetings, including telephonic meetings, and all members of our Audit Committee were in attendance at each of these meetings. The Audit Committee has adopted a written charter which is available on our website at http://www.ramenergy.com.

Compensation Committee

Members of our Compensation Committee are Sean P. Lane, Gerald R. Marshall and John M. Reardon, with Mr. Reardon acting as chairman.

The members of our Compensation Committee are non-employee directors who meet the independence standards of The NASDAQ Stock Market, but are eligible to participate in any of the plans or programs that the board of directors administers. The Compensation Committee reviews and approves the compensation of our officers. The Compensation Committee also administers our 2006 Plan and approves restricted stock awards, SAR awards and other stock-based grants for our executive officers and other employees. Our Compensation Committee adopted a written charter which is available on our website at http://www.ramenergy.com. In 2011, our Compensation Committee held seven meetings, including telephonic meetings, and all members of our Compensation Committee attended each meeting. Our Compensation Committee also took action by written consent one time in 2011.

Our Compensation Committee engaged Pearl Meyer & Partners, an outside compensation consulting firm, to assist the board of directors and the Compensation Committee in crafting our total compensation program for our executive officers for 2011 and to assist the board of directors in determining compensation for our directors. In connection with its engagement, Pearl Meyer was tasked with (i) providing the Compensation Committee with a report and competitive salary analysis showing market average compensation for executive officers and directors in companies similar to ours, and (ii) making recommendations to the Compensation Committee with respect to the compensation paid to our executive officers and directors.

Nominating and Corporate Governance Committee

Members of our Nominating and Corporate Governance Committee are Sean P. Lane, Gerald R. Marshall and John M. Reardon, with Mr. Lane acting as chairman.

Each member of our Nominating and Corporate Governance Committee is a non-employee director who meets the independence standards of The NASDAQ Stock Market. The Nominating and Corporate Governance Committee is responsible for overseeing the selection of persons to be nominated to serve on our board of directors. The Nominating and Corporate Governance Committee will consider persons identified by our board members, management, stockholders, investment bankers and others.

We do not have any restrictions on stockholder nominations under our certificate of incorporation or bylaws. The Nominating and Corporate Governance Committee will consider stockholder nominees for election as directors. Any stockholder nominations must be received by us not less than sixty (60) days nor more than ninety (90) days prior to the annual meeting; provided however, that in the event that less than seventy (70) days

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notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder, to be timely, must be received no later than the close of business on the tenth (10th) day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made, whichever first occurs. Nominations should be delivered to the Nominating and Corporate Governance Committee at the following address: The RAM Energy Resources Nominating and Corporate Governance Committee, c/o Sean P. Lane, Committee Chairman, RAM Energy Resources, Inc., 5100 East Skelly Drive, Suite 650, Tulsa, Oklahoma 74135. The stockholder s nomination notice shall set forth: (i) as to each person whom the stockholder proposes to nominate for election or reelection as a director: (a) the name, age, business address and residence address of the person; (b) the principal occupation or employment and business experience of the person for at least the previous five years; (c) the class and number of shares of our capital stock which are beneficially owned by the person; and (d) any other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to the rules and regulations of the SEC under Section 14 of the Exchange Act; and (ii) as to the stockholder giving the notice: (a) the name and record address of the stockholder; and (b) the class and number of shares of our capital stock which is beneficially owned by the stockholder. Such submission must be accompanied by the written consent of the proposed nominee to be named as a nominee and to serve as a director, if elected. We may require any proposed nominee to furnish such other information as may reasonably be required by us to determine the eligibility of such proposed nominee to serve as a director.

Our Nominating and Corporate Governance Committee is responsible for identifying qualified candidates to be presented to our board of directors for nomination as directors, ensuring that our board of directors and our organizational documents are structured in a way that best serves our practices and objectives, and developing and recommending a set of corporate governance principles. The charter for the Nominating and Corporate Governance Committee requires that the Committee consist of no fewer than three board members that satisfy the independence requirements of The NASDAQ Stock Market. In 2011, our Nominating and Corporate Governance Committee held six meetings, and all members of the Committee were in attendance at the meeting. A copy of the current charter of the Nominating and Corporate Governance Committee is available on our website at http://www.ramenergy.com.

In considering possible candidates for election as a director, the Nominating and Corporate Governance Committee is guided by the principles that each director should be an individual of high character and integrity and have:

- independence;
- wisdom;
- an understanding and general acceptance of our corporate philosophies;
- business or professional knowledge and experience that can bear on our challenges and deliberations and those of our board of directors;
- a proven record of accomplishment with an excellent organization;
- an inquiring mind;
- a willingness to speak one s mind;
- an ability to challenge and stimulate management; and
- a willingness to commit time and energy to our business affairs.

Our Nominating and Corporate Governance Committee does not have a formal policy with regard to considering diversity in its identification of director candidates; however, our Nominating and Corporate Governance Committee does consider diversity in its identification of director candidates. Diversity in business and professional experience, education, and background benefits us by increasing the range of skills and

perspectives available to our board of directors. Members will be selected without regard to race, gender, religious belief, ancestry, national origin or disability. Our board of directors believes that adherence to these principles will provide an environment and practices that will yield the best return for our shareholders.

In addition to considering possible candidates for election as directors, the Nominating and Corporate Governance Committee may, in its discretion, review the qualifications and backgrounds of existing directors and other nominees (without regard to whether a nominee has been recommended by stockholders), as well as the overall composition of our board of directors, and recommend the slate of directors to be nominated for election at the ensuing annual meeting of stockholders. Currently, we do not employ or pay a fee to any third party to identify or evaluate, or assist in identifying or evaluating, potential director nominees.

The charter of our Nominating and Corporate Governance Committee provides that the Committee will evaluate our corporate governance effectiveness and recommend such revisions as it deems appropriate to improve our corporate governance. The areas of evaluation may include such matters as the size and independence requirements of our board of directors, board committees, management succession and planning, and regular meetings of our non-employee directors without management in executive sessions.

Annual Meeting Attendance

We do not have a policy requiring members of our board of directors to attend annual meetings of our stockholders. All of our directors attended our 2011 annual meeting.

Leadership Structure of the Board

As prescribed by our bylaws, the chairman of our board of directors has the power to preside at all meetings of the board. Larry E. Lee, our chief executive officer and president, serves as the chairman of our board of directors. Although our board of directors believes that the combination of the chairman and chief executive officer positions is appropriate for our company in the current circumstances, there is no corporate policy requiring that those positions be held by the same person.

Our chief executive officer is appointed by the board of directors to manage our daily affairs and operations. We believe that Mr. Lee s extensive industry experience and direct involvement in our operations make him best suited to serve as chairman in order to (i) lead the board of directors in productive, strategic planning, (ii) determine necessary and appropriate agenda items for meetings of the board of directors with input from both our independent directors and management, and (iii) determine and manage the amount of time and information devoted to discussion and analysis of agenda items and other matters that may come before the board. Our board structure also fosters strong oversight by our independent directors. Mr. Lee is the only member of management who serves on the board of directors, and all of the other directors are fully independent. Each of the committees of the board of directors is chaired by an independent director.

Stockholder Communication with the Board of Directors

Our board of directors believes that direct access to our independent directors, who constitute our Nominating and Corporate Governance Committee, our Compensation Committee and our Audit Committee, is essential to ensuring that corporate governance concerns, recommendations for director nominees, questions concerning our accounting functions, internal controls or auditing practices and compensation policies, and reports of potential violations of law or our policies, are addressed at the highest level within the organization. Accordingly, our board of directors has established certain contact procedures, which can be found on our website at http://www.ramenergy.com.

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Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our directors, executive officers and persons who beneficially own more than 10% of our common stock to file certain reports with the SEC concerning their beneficial ownership of our equity securities. The SEC s regulations also require that a copy of all such Section 16(a) forms filed must be furnished to us by the executive officers, directors and greater than 10% stockholders. During 2011, (i) Gerald R. Marshall failed to timely file two Forms 4, relating to 12 transactions, and (ii) Larry E. Lee, Larry G. Rampey, Drake N. Smiley, Sean P. Lane, John M. Reardon and G. Les Austin each failed to timely file one Form 4 relating to one transaction each. To our knowledge, based solely on a review of the copies of such forms and amendments thereto received by us with respect to 2011, all other Section 16(a) filing requirements were timely met.

Certain Relationships and Related Transactions

Brandon Lee, the son of our chairman, president and chief executive officer, serves as our Manager of Business Development. Total compensation paid to Brandon Lee as a result of base salary, bonus, award grants under our 2006 Plan, and other benefits totaled $162,331 in 2011.

Our bylaws require that no contract or other transaction shall be made or entered into between us and (i) any of our directors or executive officers, (ii) any person known to be a beneficial owner of more than 5% of any class of our voting securities (a 5% owner), or (iii) any immediate family member of any director, executive officer or 5% owner unless (y) the contract or transaction is on terms no less favorable to us than may reasonably be available to us from an unaffiliated third party, and (z) if material in amount, is approved by vote of a majority of our disinterested directors.

We have and will continue to reimburse our officers and directors for any reasonable out-of-pocket business expenses incurred by them in connection with certain activities on our behalf, such as identifying and investigating possible target businesses and business combinations.

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EXECUTIVE COMPENSATION

While our board of directors strives to create incentives that encourage a level of risk-taking behavior consistent with our business strategy, we believe our compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on our operations or financial condition.

Compensation Discussion and Analysis

Overview of Compensation Program

Our board of directors has overall responsibility for establishing compensation for our directors and executive officers. Our board of directors has delegated to the Compensation Committee of the board of directors the responsibility for establishing, implementing and continually monitoring adherence with our compensation philosophy with respect to our executive officers. The Committee ensures that the total compensation paid to our executive officers is fair, reasonable and competitive. Throughout this information statement, the individuals who served as our chief executive officer and chief financial officer during fiscal 2011, as well as the other individuals included in the Summary Compensation Table provided below, are referred to as our named executive officers. With the exception of our president and chief executive officer, Larry E. Lee, and our chief operating officer and chief financial officer, G. Les Austin, the types of compensation and benefits provided to our named executive officers are similar to those provided to other executive officers. Compensation and benefits provided to Mr. Lee, and certain benefits provided to Mr. Austin, are controlled by their employment agreement or arrangement described below.

Compensation Philosophy and Objectives

The Committee believes that the most effective executive compensation program is one designed to obtain and retain our key executives, reward longevity of employment, reward the achievement of annual, long-term and strategic goals, align the executives interests with those of the stockholders and ultimately improve stockholder value. The Committee evaluates both performance and compensation to ensure we maintain our ability to attract and retain superior employees in key positions and that compensation provided to our key employees remains competitive relative to the compensation paid to similarly situated executives of our peer companies. To that end, the Committee believes that the executive compensation packages provided to our executives, including our named executive officers, should include both cash and stock-based compensation. The Committee s philosophy concerning the grant of equity awards under our 2006 Plan is as follows:

- our most important asset is a highly educated, well-trained, experienced and dedicated management, professional and support staff;
- in the current environment in the oil and natural gas exploration and production industry, attracting and retaining top quality management, professional and support staff is more competitive than ever;
- in order to build and preserve this most important asset, we must offer attractive compensation and equity-based incentives to our key management, professional and support staff;
- equity-based awards create an identity of interest between our key employees and our stockholders; and
- equity-based awards incentivize award recipients to give their best efforts toward maximizing the value of our oil and natural gas assets and controlling costs, thereby creating the circumstances most likely to result in stock price natural appreciation for the benefit of all equity holders.

During 2011, the Committee continued its commitment to granting equity-based awards in the form of restricted stock rather than stock options or other types of equity-based awards available under the 2006 Plan because:

restricted stock awards are more desirable, from the employee s standpoint, because they are more immediate and substantive than options;

employees receiving stock awards are stockholders with voting rights and the right to receive current dividends, instead of just option holders with the possibility of becoming stockholders in the future, thereby creating an immediate identity of interest with the public stockholders; and

restricted stock awards are more attractive to us because fewer shares are required to achieve the same incentive result.

During 2011, the Committee also granted equity-based awards in the form of SARs because of the decreasing number of shares of restricted stock available for issuance under the 2006 Plan and because it concluded that granting our officers a mix of restricted stock and SARs awards would be the most effective way to accomplish our equity incentive award objectives for 2011.

Effective January 1, 2010, the Committee approved the framework of an annual cash bonus incentive program for our officers (the Annual Bonus Program) designed to reward performance measured by the attainment of specified short-term goals set by the Committee on an annual basis, subject, in all respects, to the discretion of the Committee based upon the individual contribution of each named executive officer.

Role of Executive Officers in Compensation Decisions

The Committee makes all compensation decisions for all of our executive officers and, after consultation with our president and chief executive officer, approves equity awards to all of our employees. Decisions regarding the non-equity compensation of other employees are made by our president and chief executive officer after consultation with the Committee.

Our president and chief executive officer annually reviews the performance of each executive officer (other than himself, whose performance is reviewed by the Committee). The conclusions reached as the result of and recommendations based on these reviews, including recommendations with respect to salary adjustments and annual bonus or equity award amounts, are presented to the Committee. The Committee then exercises its discretion in determining adjustments or awards to executive officers.

Setting Executive Compensation

Our Compensation Committee engaged Pearl Meyer & Partners, an outside compensation consulting firm, to assist the board of directors and the Committee in crafting our total compensation program for our executive officers and to assist the board of directors in determining compensation for our directors.

In its reports, Pearl Meyer provided the Committee with relevant market data and alternatives to consider when making both cash compensation and equity-based compensation decisions for our executive officers, and in making recommendations to our board of directors for cash compensation and equity-based awards to our non-employee directors. The reports included a competitive salary analysis of general industry and energy compensation surveys showing market average salaries for executive officers and directors in companies similar to ours. Utilizing in part this report, the Committee approved the increase in our other executive officers base salaries and made recommendations to our board of directors regarding director compensation, which recommendations subsequently were approved. Bonuses paid pursuant to our Annual Bonus Program were based upon the attainment of only one of the 2011 performance goals set by the Committee. See Performance-Based and Incentive Compensation Annual Bonus Program below for a more detailed description of the Annual Bonus Program.

The Committee monitors the results of the advisory say-on-pay proposal vote and incorporates such results as one of many factors considered in connection with the discharge of its responsibilities, although no such factor is assigned a quantitative weighting. Because a majority (65%) of our stockholders approved the compensation program described in our proxy statement in 2011, the Committee did not implement changes to our executive compensation program as a result of the stockholder advisory vote.

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2011 Executive Compensation Components

The Committee designs cash and stock-based incentive compensation awards intended to accomplish the following goals:

- improve our operating performance and financial results;
- maintain competitive levels of compensation in order to retain key employees due to the continuing competitive environment in the energy industry;
- reward key employees for job performance over the past year;
- recognize longevity as an important aspect of the officer ranks, which results in more predictable leadership and more efficient and productive employees throughout our organization;
- provide incentive to continue the provision of high-level job performance; and
- in all matters involving compensation of our officers and employees, provide fairness to the officers and employees on the one hand, and to our stockholders on the other hand, by setting compensation in a manner that aligns the interests of the parties with the ultimate goal of enhancing our long-term performance.

For the fiscal year ended December 31, 2011, the principal components of compensation for our named executive officers were:

- base salary;
- performance-based incentive compensation; and
- perquisites and other personal benefits.

Base Salary

We provide our named executive officers with base salary to compensate them for services rendered during the fiscal year. The base salary is designed to provide a competitive fixed rate of pay recognizing different levels of responsibility and performance within our company. Base salary ranges for our named executive officers are determined for each executive based on his or her position and responsibility, by using market data, and by performance evaluations. Base salary ranges are designed so that salary opportunities for a given position generally will be within the 50th percentile of the market salary surveyed.

During its review of base salaries for executives, the Committee primarily considers:

- market data provided by our outside consultant;

internal review of the executive s compensation, both individually and relative to other officers; and

individual performance of the executive.

Salary levels are typically considered annually as part of our performance review process as well as upon a promotion or other change in job responsibility. Merit-based increases to salaries of named executive officers are based on the Committee s assessment of the individual s performance based upon recommendations of our chief executive officer.

For 2011, the Committee approved base salary increases for the named executive officers, other than our chief executive officer, in percentages ranging from 5.0% to 8.0%, which were based on such factors as the amount of shortfall of such officers base salary compared to the market median as shown in the Pearl Myer report, individual performance, responsibilities, peer salaries, longevity and overall value to the Company.

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Effective October 4, 2011, the Committee appointed Mr. Austin to a newly established position of chief operating officer of the Company. Along with the new title and new responsibilities incident to the position, our board and the Committee also approved an increase in Mr. Austin s base salary from $299,250 to $350,000 per year. Mr. Austin now holds the offices of chief operating officer, chief financial officer, senior vice president, secretary, treasurer and chief accounting officer. The Committee approved the appointment and increase in Mr. Austin s base salary recognizing that Mr. Austin has done an excellent job as our chief financial officer since joining us in 2008, that he has developed a good understanding of all aspects of our business, and that he, therefore, has the ideal set of skills to fill the chief operating officer position, which was designed to strengthen our management team and to enhance the coordination among our various departments in order to assure prompt and efficient execution of our business plan.

We believe that a competitive base salary is essential to retain our named executive officers and that the increases in such officer s base salaries for 2011 fit into our overall compensation objectives of retaining our named executive officers, rewarding them for their performance, and incentivizing them to continue the provision high-level job performance. We supplement our executive officer s base salary with the other elements of compensation discussed below in order to achieve an overall compensation package that aligns the interests of our officers and our stockholders.

Performance-Based and Incentive Compensation

We pay performance-based and incentive compensation to our named executive officers pursuant to the 2006 Plan and the Annual Bonus Program, both of which are described below.

2006 Plan

Performance-based and incentive compensation under the 2006 Plan may be paid in the form of cash bonuses, grants of restricted stock, share units, stock options, SARs, performance units and performance bonuses, or some combination of these awards. In granting these awards, the Committee may establish any conditions or restrictions it deems appropriate. Stock-based awards will generally vest between one and five years after the date of the grant. Ownership of restricted stock granted under our 2006 Plan by our named executive officers is set forth under the heading Security Ownership of Certain Beneficial Owners and Management. We believe that these awards fit into our overall compensation objectives by motivating employees and rewarding achievement of financial and other performance measures and, in the case of stock-based awards, providing incentive for long-term creation of stockholder value and aligning the interests of our named executive officers and our stockholders.

All stock-based awards under our 2006 Plan are made at the market price of our common stock at the time of the award. The Committee may grant awards of stock options, SARs, or restricted stock awards to executives at any regularly scheduled or special meeting. The grant date of any stock option, SARs, or restricted stock award will be determined in accordance with FASB ASC TOPIC 718.

The following table sets forth awards granted under our 2006 Plan to named executive officers in 2011:

Named Executive Officers	Restricted Shares	SARs
Larry E. Lee	100,000	200,000
Drake N. Smiley	100,000	100,000
G. Les Austin	100,000	100,000
	300,000	400,000

On May 5, 2011, after considering the information provided by Pearl Meyer and reviewing Mr. Lee s recommendations, the Committee approved the grant to our officers of 1,415,000 SARs and of restricted stock awards for 595,000 shares of our common stock, with such awards effective May 5, 2011. The grants to our

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named executive officers are reflected above. The awards are subject to a four-year vesting schedule, with the first vesting scheduled to occur on January 1, 2012. The market price of our common stock on the grant date was $1.73 per share. Also on May 5, 2011, our board of directors approved and granted restricted stock awards to our independent directors totaling 138,726 shares of our common stock, or 46,242 shares each, in payment of the equity component of our independent directors annual compensation. The grants to our independent directors are scheduled to vest in full one year from the date of grant, or May 5, 2012.

See Grants of Plan-based Awards in 2011 and Director Compensation below for more information about award grants to our named executive officers and directors.

Annual Bonus Program

We provide short-term, performance-based cash incentives to our named executive officers in the form of cash bonuses under our Annual Bonus Program. Payment of cash bonuses under the Annual Bonus Program is generally linked to our attainment of certain financial and operational goals, but in all cases is subject to individual performance evaluations. The Annual Bonus Program is intended to provide a framework and guidelines for the administration of short-term incentive cash bonus awards to our executive officers. Final awards, if any, are made in the sole discretion of the Committee.

The Annual Bonus Program was established by the Committee to accomplish several important objectives:

- improve our operating performance and financial results;
- promote the successful completion of drilling programs;
- promote growth in production volumes over the short and long-term;
- motivate and reward plan participants for achievements in relation to the metrics of the plan; and
- enable us to attract, motivate and retain high-caliber talent.

Incentive opportunity ranges are used to provide an opportunity for incentive awards to our named executive officers in relation to their responsibility levels. Each incentive opportunity range has a Threshold (minimum award), a Target (expected award), and an Outstanding (maximum award) level. These levels are designed to correspond to performance goals in relation to the performance measurements of the plan. Incentive opportunity ranges for our named executive officers are as follows:

Incentive Opportunity Range (% Salary)

Name and Title	Threshold	Target	Outstanding
Larry E. Lee, President and Chief Executive Officer	45.0	90.0	180.0
Larry G. Rampey, Sr. Vice President, Operations	35.0	70.0	140.0
G. Les Austin, Chief Operating Officer and Chief Financial Officer	35.0	70.0	140.0
Drake N. Smiley, Sr. Vice President, Land & Exploration	32.5	65.0	130.0

Incentive award payments are calculated as a percentage of a participant s base salary payable during the fiscal year. For example, our chief executive officer might expect an award of 90.0% of base salary when targeted performance levels are achieved, and no award when less than the threshold level of performance is achieved.

Awards under the Annual Bonus Program are based on performance in relation to weighted performance measurements. The performance measurements and the weight assigned to such measurements are recommended annually by management and approved by the Committee.

Based on the weighting of each measurement, a threshold, target and outstanding performance goal is determined. The performance goals are set in good faith based on our historical performance, internal forecasts, budgets and various other factors. The goals require us to

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execute our business plans and are subject to outside market forces. Management and the Committee use diligent efforts to set the performance goals for the Annual Bonus Program at levels that will result in the target level of performance being achieved 50% of the time, or three times in each six-year period, with each of the threshold and outstanding levels being achieved once in each six-year period and performance below the threshold level, and therefore no awards earned, once in each six-year period. Actual performance in relation to the measurements is interpolated between the three performance goal levels.

The Committee approves performance measurements and sets performance goals tied to the measurements that it believes will benefit our stockholders the most if those performance goals are met. Because of the expected benefits to us and our stockholders if such performance goals are met, the Committee believes it is appropriate to tie the ability of our named executive officers to receive cash bonuses under the Annual Bonus Program to the attainment of such performance goals. Based upon recommendations by management, the Committee established the following weighted performance measurements and corresponding performance goals for fiscal year 2011:

Performance Measurements and Performance Goals

Objective Measure	**Weight**	**2011 Budget Or Prior Year Actual**	**Threshold**	**Target**	**Outstanding**
Successful Refinancing of Senior Secured Credit Facility	20%	Yes/No	N/A	Yes	N/A
Acquire Producing Assets (Proved PV-10 Values)	20%	$ 50,000	$ 25,000	$ 50,000	$ 100,000
Production Growth (MBOE) (% of growth from prior year level)	10%	1,786	0.0%	5.0%	10.0%
Projected Current Year Modified EBITDA	30%	$ 52,000	$ 52,000	$ 55,000	$ 60,000
G&A Expense Reduction per BOE (% reduction from prior year level / net of incentive compensation)	10%	$ 6.84	-11.8%	-13.5%	-16.5%
LOE Expense Reduction per BOE (% reduction from prior year level / net of incentive compensation)	10%	$ 17.24	-6.8%	-8.5%	-11.7%

The Modified EBITDA target was set at a number 6% in excess of the Modified EBITDA projected in the current year business plan, to encourage and award above-budgeted performance. The production growth, debt reduction, general and administrative expense reduction and lease operating expense reduction targets were set at levels to encourage increasing production while reducing debt and controlling costs. With the exception of the refinancing of our senior secured credit facility and the acquisition of producing assets measures, all of the objective measures identified are essentially self-funding with respect to the Annual Bonus Program, inasmuch as the achievement of those measures provides additional cash to fund the award amounts. This combination of these incentive measures and targets was believed by the Committee to provide a framework for rewarding growth and enhancing stockholder value while encouraging efficient and economic operating practices.

In 2011, the only performance measurement we achieved was the measurement related to refinancing of our senior secured credit facility, which we closed in March 2011 and, as specified in the above table, carries a 20% weighting factor. After evaluating each named executive officer s contribution to achieving the refinancing of our senior secured credit facility performance, the Committee awarded the following cash bonuses to our named executive officers consistent with the metrics under the Annual Bonus Program in 2011:

Named Executive Officers	Cash Bonuses
Larry E. Lee	$ 99,000
Larry G. Rampey	44,800
Drake N. Smiley	38,350
G. Les Austin	37,050
	$ 219,200

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Retirement and Other Benefits

Our 401(k) Profit Sharing Plan is a tax-qualified retirement savings plan pursuant to which all employees, including the named executive officers, are able to contribute the lesser of up to 100% of their annual salary or the limit prescribed by the Internal Revenue Service to the plan on a before-tax basis. For 2009, 2010 and 2011, our Compensation Committee determined that we would make a safe harbor match of 100% of employee contributions up to 6% of the employee s salary. All contributions to the plan as well as any matching contributions are fully vested upon contribution.

Perquisites and Other Personal Benefits

We provide our executive officers with perquisites and other personal benefits that we believe are reasonable and consistent with our overall compensation program to better enable us to attract and retain superior employees for key positions. The Committee periodically reviews the levels of perquisites and other personal benefits provided to our executive officers. The perquisites provided to our named executive officers are set forth in footnote 6 of the Summary Compensation Table below. Attributed costs of the personal benefits for the named executive officers for the fiscal year ended December 31, 2011 are included in column (i) and footnote 6 of the Summary Compensation Table below.

Executive Employment Agreements and Arrangements

Larry E. Lee. In connection with the consummation of our merger with RAM Energy in May 2006, we entered into an employment agreement with Larry E. Lee, under the terms of which Mr. Lee serves as our president and chief executive officer. The initial term of the employment agreement was three years. Pursuant to an amendment to the employment agreement effective March 8, 2011, the term of the employment agreement was extended through April 30, 2013. Under the terms of the employment agreement, we pay the annual premium on a term life insurance policy owned by Mr. Lee, the costs of his annual physical examinations**,** and certain country club dues and expenses. Mr. Lee also may be awarded a bonus for any fiscal year during the employment term, either pursuant to an incentive compensation plan maintained by us or as otherwise may be determined by our board of directors.

The employment agreement provides for certain payments in the event of Mr. Lee s termination. The termination payments are discussed below under the heading Potential Payments Upon Termination or Change of Control.

The employment agreement contains certain restrictive covenants that prohibit Mr. Lee from disclosing information that is confidential to us and our subsidiaries and generally prohibits him, during the employment term and for one year thereafter, from soliciting or hiring our employees and those of our subsidiaries. The employment agreement does not contain any restrictive covenants that otherwise limit Mr. Lee s ability to compete with us and our subsidiaries following his employment.

G. Les Austin. Effective April 1, 2008 we entered into a compensation arrangement with G. Les Austin, our senior vice president, chief operating officer, chief financial officer, treasurer and secretary, which provides for the following continuing benefits: (i) a term life insurance policy providing a death benefit of $700,000 during the term of his employment, (ii) substantially the same perquisites provided to our other senior vice presidents, and (iii) certain severance and change of control protections. Effective March 23, 2011, we extended the severance and change of control protections under Mr. Austin s compensation arrangement through April 1, 2012. These protections are described below under the heading Potential Payments Upon Termination or Change of Control.

Tax and Accounting Implications

The Committee reviews and considers the deductibility of executive compensation under Section 162(m) of the Code, which provides that we may not deduct compensation of more than $1,000,000 paid to certain

individuals in any taxable year. We believe compensation paid by us is generally fully deductible for federal income tax purposes. However, in certain situations, the Committee may approve compensation that will not meet these requirements in order to ensure competitive levels of total compensation for our executive officers. For fiscal year 2011, all amounts paid to our named executive officers were deductible.

Beginning on January 1, 2006, we began accounting for stock-based payments including grants and awards under our 2006 Plan in accordance with the requirements of FASB ASC TOPIC 718.

Compensation Committee Report

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management and, based on such review and discussions, the Compensation Committee recommended to the board of directors that the Compensation Discussion and Analysis be included in this information statement.

THE COMPENSATION COMMITTEE

John M. Reardon, Chairman
Sean P. Lane
Gerald R. Marshall

January 4, 2012

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Summary Compensation Table

The table below summarizes the total compensation paid to or earned by each of the named executive officers for the fiscal year ended December 31, 2011. Substantially all of the compensation paid to our president and chief executive officer, Larry E. Lee, results from the terms of his employment agreement. We have not entered into any employment agreements with any of the other named executive officers, although we do have an agreement with Mr. Austin that provides for certain perquisites and benefits, along with severance and change-in-control protections through April 1, 2013.

Based on the fair value of equity awards granted to our named executive officers in 2011 and the base salary of the named executive officers, salary accounted for approximately 47% of the total compensation of the named executive officers, bonus incentive compensation accounted for approximately 7%, stock awards accounted for 16%, option awards accounted for approximately 16% and other compensation accounted for 14% of the total compensation of the named executive officers.

(a)	(b)	(c)	(d)	(e)	(f)	(i)	(j)
Name and Principal Position	**Year**	**Salary ($)**	**Bonus ($)**	**Stock awards ($)(4)**	**Option Awards ($)(5)**	**All other compensation ($)(6)**	**Total ($)**
Larry E. Lee							