

EVOLUTION PETROLEUM CORP
Form S-8
July 03, 2008

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As filed with the Securities and Exchange Commission on July 3, 2008

Registration No.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-8
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

EVOLUTION PETROLEUM CORPORATION

(Exact name of registrant as specified in its charter)

Nevada **41-1781991**
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)
2500 City West Blvd., Suite 1300 Houston, Texas 77042

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

AMENDED AND RESTATED 2004 STOCK PLAN

2003 STOCK OPTION PLAN

REVOCABLE WARRANT AGREEMENT

WARRANT AGREEMENT

(Full Title of the Plan)

Robert S. Herlin
Chief Executive Officer and President
Evolution Petroleum Corporation
2500 City West Blvd., Suite 1300
Houston, Texas 77042

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copy to:

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer
 Accelerated filer
 Non-accelerated filer
 Smaller reporting company
 (Do not check if a smaller reporting company)

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered(1)	Proposed maximum offering price per share	Proposed maximum aggregate offering price	Amount of registration fee(3)
Common Stock, par value \$0.001 per share	1,500,000 shares (2)	5.46 (3)	\$8,190,000 (3)	\$321.87
Common Stock, par value \$0.001 per share(1)	4,058,500 shares (4)(5)	\$1.55 (4)	\$6,290,675 (4)	\$673.12 (5)
Common Stock, par value \$0.001 per share(2)	1,344,000 shares (4)(5)	\$2.83 (4)	\$3,803,520 (4)	\$406.99 (5)
Total	6,902,500 shares			

- (1) This Registration Statement also covers such indeterminable additional number of shares as may be issuable under the plans by reason of any adjustments in the number of shares to prevent dilution from any future stock splits, stock dividends and similar transactions. This Registration Statement covers any such additional shares in accordance with Rule 416(a).
- (2) On October 24, 2007 the Registrant's Board of Directors resolved to increase by 1,500,000 shares the number of shares of the Registrant's common stock available for issuance pursuant to the Registrant's Amended and Restated 2004 Stock Plan. A Registration Statement on Form S-8 with respect to 4,000,000 shares of the Registrant's common stock under the original 2004 Stock Plan was previously filed (Commission File No. 333-140182). The Amended and Restated 2004 Stock Plan was approved by the Registrant's stockholders on December 4, 2007.
- (3) Estimated solely for the purposes of calculating the registration fee pursuant to Rule 457(c) and Rule 457(h)(1) under the Securities Act of 1933, as amended, and based on the average of the high and low sales prices of the Registrant's common stock reported on the American Stock Exchange on June 26, 2008.
- (4) With respect to 4,058,500 shares of common stock to be offered under the plans described above for which the offering price is known, the registration fee was determined in accordance with Rule 457(h). With respect to the remaining 1,344,000 shares of common stock that are issuable under the 2004 Stock Plan for which the offering price is not known, the proposed maximum aggregate offering price for these shares were estimated pursuant to Rule 457(c) and pursuant to Rule 457(h)(1) of the Securities Act based on the average high and low sales prices of the Registrant's common stock reported on the American Stock Exchange on January 17, 2007.
- (5) Pursuant to Rule 429, this table includes 5,402,500 shares of common stock previously registered on the Registrant's Registration Statement on Form S-8 (Commission File No. 333-140182). The filing fee of \$1,080.11 was previously paid in connection with the registration of such shares.

Pursuant to Rule 429 under the Securities Act of 1933, as amended, the reoffer prospectus included in this Registration Statement is a combined reoffer prospectus relating also to Registration Statement on Form S-8 (Commission File No. 333-140182). This Registration Statement, upon effectiveness, also constitutes Post-Effective Amendment No. 1 to Registration Statement No. 333-140182.

EXPLANATORY NOTE

This Registration Statement on Form S-8 is being filed by Evolution Petroleum Corporation (formerly named Natural Gas Systems, Inc.) (the "Registrant" or the "Company") for the purpose of registering 1,500,000 additional shares of the Company's common stock, \$0.001 par value per share relating to the Company's Amended and Restated 2004 Stock Plan. Pursuant to General Instruction E to Form S-8 under the Securities Act of 1933, as amended (the "Securities Act"), this Registration Statement registers additional securities of the same class as those registered under the currently effective Registration Statement on Form S-8 (Registration Nos. 333-140182) relating to the registration of 5,402,500 shares of the Company's common stock \$0.001 par value issuable under the Company's 2004 Stock Plan, the 2003 Stock Option Plan, Revocable Warrant Agreement and Warrant Agreement, and the contents of such Registration Statement, including any amendments thereto or filings incorporated therein, are incorporated herein by reference.

The Company has prepared this Registration Statement in accordance with the requirements of Form S-8 under the Securities Act, to register shares of its common stock, \$0.001 par value per share. Pursuant to General Instruction E to Form S-8 and Rule 429 of the Securities Act, this Registration Statement also includes a reoffer prospectus. The reoffer prospectus may be utilized for reofferings and resales by certain executive officers and directors listed in the re-offer prospectus who may be deemed "affiliates" of the Company on a continuous or a delayed basis in the future of up to 4,118,500 shares of common stock. These shares constitute "control securities" or "restricted securities" which have been issued prior to or issuable after the filing of this Registration Statement. The reoffer prospectus does not contain all of the information included in the Registration Statement, certain items of which are contained in schedules and exhibits to the Registration Statement, as permitted by the rules and regulations of the Securities and Exchange Commission (the "Commission"). Statements contained in this reoffer prospectus as to the contents of any agreement, instrument or other document referred to are not necessarily complete. With respect to each such agreement, instrument or other document filed as an exhibit to the Registration Statement, we refer you to the exhibit for a more complete description of the matter involved, and each such statement shall be deemed qualified in its entirety by this reference.

PART I

INFORMATION REQUIRED IN THE SECTION 10(a) PROSPECTUS

As permitted by the rules and regulations of the Commission, this Registration Statement omits certain information specified in Part I of Form S-8. The documents containing the information specified in Part I of this Registration Statement will be sent or given to eligible employees, directors or consultants as specified in Rule 428(b)(1) promulgated under the Securities Act. Such documents are not being filed with the Commission either as part of this Registration Statement or as prospectuses or prospectus supplements pursuant to Rule 424 promulgated under the Securities Act. These documents and the documents incorporated by reference in this Registration Statement pursuant to Item 3 of Part II of this Registration Statement, taken together, constitute a prospectus that meets the requirements of Section 10(a) of the Securities Act.

Reoffer Prospectus

4,187,891 Shares

EVOLUTION PETROLEUM CORPORATION

Common Stock

This reoffer prospectus relates offers and sales by certain of our executive officers and directors (also called Selling Shareholders) who may be deemed "affiliates" of the Company of our common stock that have or may be acquired by such persons upon the exercise of stock options, the vesting of restricted stocks or the exercise of previously granted warrants. This prospectus covers 88,141 shares of our currently outstanding shares of common stock that are owned by the Selling Stockholders, up to 3,081,000 shares issuable upon the exercise of currently outstanding options and up to 1,037,500 shares of our common stock issuable upon the exercise of outstanding common stock purchase warrants held by some of our warrant holders.

For a list of the Selling Stockholders, please see "Selling Stockholders." We are not selling any shares of common stock in this offering and therefore will not receive any proceeds from this offering. We will, however, receive the exercise price of the options or warrants if and when those options or warrants are exercised by the Selling Stockholders. We will pay the expenses of registering these shares.

Our common stock is traded under the symbol "EPM" on the American Stock Exchange. The closing sale price for our common stock on July 3, 2008 was \$5.95 per share.

The shares included in this prospectus may be offered and resold directly by the Selling Stockholders in the open market at prevailing prices or in individually negotiated transactions, through agents designated from time to time or through underwriters or dealers. We will not control or determine the price at which a Selling Stockholder decides to sell its shares. Brokers or dealers effecting transactions in these shares should confirm that the shares are registered under applicable state law or that an exemption from registration is available.

You should understand the risks associated with investing in our common stock before making an investment, read the "Risk Factors," which begin on page 3 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined whether this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this reoffer prospectus is July 3, 2008.

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You should rely only on the information contained in or incorporated by reference into this prospectus or any prospectus supplement. We have not authorized any person to give any information or to make any representations other than those contained or incorporated by reference in this prospectus, and, if given or made, you must not rely upon such information or representations as having been authorized. This prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities other than our shares of common stock and warrants described in this prospectus or an offer to sell or the solicitation to buy such securities in any circumstances in which such offer or solicitation is unlawful. You should not assume that the information we have included in this prospectus is accurate as of any date other than the date of this prospectus or that any information we have incorporated by reference is accurate as of any date other than the date of the document incorporated by reference regardless of the time of delivery of this prospectus or of any securities registered hereunder.

COMPANY OVERVIEW

Throughout this prospectus, the terms "we," "us," "our," and "our company" refer to Evolution Petroleum Corporation, a Nevada corporation formerly known as Natural Gas Systems, Inc. and, unless the context indicates otherwise, also includes our wholly-owned subsidiaries.

General

We were formed in late 2003 to acquire established crude oil and natural gas resources and exploit them through the application of conventional and specialized technology with the objective of increasing production, ultimate recoveries, or both. Our team is broadly experienced in oil and gas operations, development, acquisitions and financing. We follow a strategy of outsourcing most of our property accounting, human resources, administrative and non-core functions. Our principal executive offices are located at 2500 City West Blvd., Suite 1300, Houston, Texas 77042. Our telephone number is (713) 935-0122 and we maintain a website at www.evolutionpetroleum.com. Information contained on our website does not constitute part of this prospectus.

We are focused on an overall strategy of acquiring controlling working interests in oil and gas resources within established fields and redeveloping those fields through the application of capital and technology to convert the oil and gas resources into profitable producing reserves. Within this overall strategy, we have established three specific business initiatives:

Enhanced Oil Recovery (EOR) Initiative, using miscible and immiscible gas flooding to extract tertiary resources;

Bypassed Resource Initiative, using technology-based redevelopment of primary resources in mature oil and gas fields; and

Unconventional Gas Resource Initiative, using modern stimulation and completion technologies to economically produce tight gas formations.

Our strategy is designed to generate scalable development opportunities at relatively shallow depths, exhibiting relatively low completion risk, generally longer and more predictable production lives, less expenditures on infrastructure and lower operational risks. We believe that the benefits of this approach include:

Reduced exposure to the risk of whether resources are present;

Reduced capital expenditures per net BOE for infrastructure, such as roads, water handling facilities and pipelines;

Large inventory of development opportunities, which provides a more predictable future stream of drilling activity and production, as well as potentially reducing risks from short-term oil and gas price volatility;

Reduced operational risks and costs associated with lower pressures and lower temperatures; and

Control of operations, development timing and technology selection.

Enhanced Oil Recovery Initiative

Delhi EOR-CO2 Tertiary Recovery

We purchased our first oil and gas property in September 2003 through the acquisition of all of the active working interests and the corresponding 80% net revenue interest in property and wells in the Delhi Field, located in northeastern Louisiana. This acquisition included the

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purchase of six producing wells, one salt water disposal well and 37 shut-in wells with minimal crude oil production per day and no natural gas sales. The Delhi Field encompasses approximately 13,636 acres, and the primary

Paluxy and Tuscaloosa producing reservoirs in the field were unitized in the 1950's as the Delhi Holt Bryant Unit. Our approximately \$2.8 million acquisition included the Delhi Holt Bryant Unit and certain other depths, excluding a separate reservoir contained in the Mengel Unit in the Delhi Field. We conducted various development activities in the Delhi Field following the acquisition. Between January and July 2006, we also acquired royalty and overriding royalty interests in the Delhi Holt Bryant Unit aggregating approximately 7.4% for approximately \$1.5 million.

In June 2006, we conveyed a farmout to a wholly-owned subsidiary of Denbury Resources ("Denbury") that included all of our working interests in the Delhi Holt Bryant Unit and 75% of our working interests in other depths of the Delhi Field, for which we received approximately \$50 million in cash, a 25% reversionary back-in working interest in the Delhi Holt Bryant Unit after payout, as defined in the agreement, and a commitment by Denbury to install a CO2 enhanced oil recovery project ("CO2-EOR") in the Delhi Holt Bryant Unit (the "Delhi Farmout") at Denbury's sole capital expense prior to payout. We also retained our separately acquired royalty and overriding royalty interests aggregating approximately 7.4% on the Delhi Holt Bryant Unit, including the CO2-EOR project.

In addition to the \$50 million paid to us for the Delhi Farmout at closing, Denbury has reported charging approximately \$79 million in capital costs to the Delhi EOR-CO2 project through December 31, 2007, mostly for pipeline construction. For calendar year 2008, Denbury has announced another \$80 million budget for completion of the pipeline to our Delhi Field, with oil recoveries from CO2 injection expected during 2009. Although we don't control the operations, we expect that oil production response will occur within months of first injection and that the field oil production rate will steadily increase beginning in 2009. We have no capital expenditure requirements related to the ongoing CO₂-EOR development at Delhi Field, although we retain our separate 7.4% overriding and mineral royalty interests and 25% reversionary interest after payout.

Bypassed Resource Initiative

Giddings Field

In December 2006, we began leasing in the mature Austin Chalk formations of the Giddings Field in Central Texas as a part of our bypassed primary resource initiative. Through November 1, 2007, we had acquired approximately 2.1 million BOE of proved undeveloped reserves in this field on 22 locations as reported by our independent engineers. By applying our operating staff's expertise gained in managing Austin Chalk assets in the Giddings Field with other major independent producers, this opportunity allows us to add potential new production prior to the significant increased ramp up of production we expect to begin in our Delhi Field in 2009. We view our further development of the Giddings field as a major addition to our value creation.

Tullos Field Area

In September 2004, we completed the acquisition of a 100% working interest and an approximate 78% average net revenue interest in producing crude oil wells, equipment and improvements located in the Tullos Urania, Colgrade and Crossroads Fields in LaSalle and Winn Parishes, Louisiana, which we refer to collectively as the "Tullos Field Area". The purchased assets included approximately 124 oil wells, 9 water disposal wells, and all associated infrastructure, including water disposal facilities, crude oil and water tanks, flow lines and pumping units. The purchase also included 15 wells without leases. We subsequently acquired new leases for ten of these wells.

In early February 2005, we completed the acquisition of a 100% working interest and an approximate 79% average net revenue interest in similar properties in our Tullos Field Area. The purchased assets included approximately 121 oil wells, 8 salt water disposal wells and associated infrastructure and equipment.

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Following the acquisitions of the Tullos Field assets, we conducted various development activities, primarily to improve operations, bring operations up to industry standards, and increase produced water disposal capacity.

In early March 2008, we completed the sale of our 100% working interests in the Tullos Field assets for approximately \$4.6 million in cash. We have elected to focus our staff and capital on projects with far greater potential, particularly in growing our Giddings Field inventory beyond the twenty-two proved undeveloped locations, in addition to investigating the application of the technology we tested at Tullos in other higher potential fields characterized by heavy oil overlaying water formations.

Unconventional Gas Resource Initiative

In early 2007 we began leasing on two gas shale projects, targeting up to 25,000 acres in the Woodford Shale in Oklahoma. Currently, over 15,000 net acres have been acquired through leasing, with the remainder identified, partially leased or under negotiation. We expect to initiate development activities in these projects in calendar 2009.

Corporate History on Reverse Merger

Reality Interactive, Inc. ("Reality"), a Nevada corporation that traded on the OTC Bulletin Board under the symbol RLYI.OB and the predecessor of Evolution Petroleum Corporation, was incorporated on May 24, 1994 for the purpose of developing technology-based knowledge solutions for the industrial marketplace. On April 30, 1999, Reality ceased business operations, sold substantially all of its assets and terminated all of its employees. Subsequent to ceasing operations, Reality explored other potential business opportunities to acquire or merge with another entity while continuing to file reports with the Commission.

On May 26, 2004, Natural Gas Systems, Inc., a privately owned Delaware corporation formed in September 2003 ("Old NGS"), was merged into a wholly owned subsidiary of Reality. Reality was thereafter renamed Natural Gas Systems, Inc. ("NGS") and adopted a June 30 fiscal year end. As part of the merger, the officers and directors of Reality resigned, the officers and directors of Old NGS became the officers and directors of our Company, and the crude oil and natural gas business of Old NGS became that of our Company. Concurrently with the listing of our shares on the AMEX during July 2006, Natural Gas Systems was renamed Evolution Petroleum Corporation to avoid confusion with similar names traded on the AMEX and to better reflect our business model.

All regulatory filings and other historical information prior to May 26, 2004 that applied to Reality continue to apply to us after the merger.

RISK FACTORS

Risks Related to the Company

You should carefully consider the following risks relating to us as well as other information contained in this prospectus before deciding to invest in shares of our common stock. Our business, financial condition or results of operations have been, or could be, materially adversely affected by the following risks. The value of your investment may decrease and could result in a loss.

If we are not successful in replacing the production and revenues lost from the sale of our Tullos Assets, we will suffer a material adverse effect.

Effective March 3, 2008, we sold 100% of our working interest in our Tullos Field Area for approximately \$4.6 million. Our Tullos Assets yielded approximately 80 net barrels of oil per day, representing substantially all of our production and revenues at the time of the closing of the sale on March 3, 2008. Although we have since redeployed our assets to new operations, namely in the

Giddings Field in Central Texas and have had some initial success in such operations, our continued success is dependent upon replacing the production lost when we sold our Tullos Assets, in a field which we have not had significant operating history. If we are unable to replace the lost production and revenues by success in the Giddings Field and other operations, our financial results will be materially and adversely affected.

Operating results from oil and gas production may decline.

With the profitable sale of both of our Tullos Area assets in March 2008 and the Delhi Farmout we completed on June 12, 2006 with Denbury Onshore LLC (the "Delhi Farmout"), we divested virtually all of our oil and gas production prior to the initiation of our Giddings Field drilling program. In the short term, we are depending on the replacement, if any, of this lost production from the \$8.5 MM drilling program of proved undeveloped reserves we began in December 2007 in the Giddings Field. In the intermediate term, we hope our reversionary interest in the Denbury Field will result in cash flow to us as a result of Denbury substantially increases production in the Delhi Field via the CO2 enhanced oil recovery ("CO2-EOR") project. Our reversionary interest in the Delhi Field is subject to Denbury attaining a payment of approximately \$200 million from its investment in the field, and is further subject to the successful combined operation of the field by Denbury.

Without further acquisitions of new properties or any productive results from the future drilling and development activity we expect, our production and revenues from oil and gas operations will decline in the foreseeable future as compared to our fiscal 2007 results.

The types of resources we focus on have substantial operational risks.

Our business plan focuses on the acquisition and development of relatively shallow, more complex and/or lower permeability reservoirs. Shallower reservoirs usually have lower, normal pressure, which translates into fewer natural gas volumes in place; complex reservoirs are more difficult to analyze and exploit; and low permeability reservoirs require more wells and stimulation for development and such wells may have low profit margins and higher capital costs per produced BBL of oil or MCF of gas.

The Delhi Farmout EOR project requires significant amounts of CO2 resources, the source of which may be become unavailable or be curtailed and is outside of our control. In order to produce and deliver sufficient quantities of CO2 from Denbury's reserves from its Jackson Dome, Mississippi field, the construction of an approximately 100 mile pipeline necessary to connect to the Delhi Field will require large amounts of capital resources and the acquisition of new permits, right-of-ways, engineering designs, construction personnel and materials. Denbury's failure to manage these and other technical, strategic and logistical risks may render ultimate enhanced recoveries from the planned CO2-EOR project, if any, to fall short of our expectations.

Our new projects require that we acquire new leases in and around established fields and drill and complete wells, most of which may be horizontal, as well as negotiate the purchase of existing well bores and production equipment and install our proprietary artificial lift technology that has yet to be proven in the field. Leases may not be available, required oil field services may not be obtainable on the desired schedule or at the expected costs. While the projected drilling results are considered to be low to moderate in risk, there is no assurance as to what productive results may be obtained, if any.

Our limited operating history makes it difficult to predict future results and increases the risk of an investment in our Company.

We commenced our crude oil and natural gas operations in late 2003 and have a limited operating history. Therefore, we face all the risks common to companies in their early stages of development, including uncertainty of funding sources, high initial expenditure levels and uncertain revenue streams, an unproven business model, and difficulties in managing growth. Our prospects must be considered in

light of the risks, expenses, delays and difficulties frequently encountered in establishing a new business. Any forward-looking statements in this report do not reflect any possible effect on us from the outcome of these types of uncertainty. Prior to our recent Delhi Farmout with Denbury, we have incurred significant losses since the inception of our oil and gas operations and we have since resumed incurring losses. We cannot assure you that we will be successful. While members of our management have previously carried out or been involved with acquisition and production activities in the crude oil and natural gas industry while employed by us and other companies, we cannot assure you that our intended acquisition targets and development plans will lead to the successful development of crude oil and natural gas production or additional revenue.

We may be unable to continue licensing from third parties the technologies that we use in our business operations.

As is customary in the crude oil and natural gas industry, we utilize a variety of widely available technologies in the crude oil and natural gas development and drilling process. We do not have any patents or copyrights for the technology we currently utilize. Instead, we license or purchase services from the holders of such technology, or outsource the technology integral to our business from third parties. Our commercial success will depend in part on these sources of technology and assumes that such sources will not infringe on the proprietary rights of others. We cannot be certain whether any third-party patents will require us to utilize or develop alternative technology or to alter our business plan, obtain additional licenses, or cease activities that infringe on third-parties' intellectual property rights. Our inability to acquire any third-party licenses, or to integrate the related third-party products into our business plan, could result in delays in development unless and until equivalent products can be identified, licensed, and integrated. Existing or future licenses may not continue to be available to us on commercially reasonable terms or at all. Litigation, which could result in substantial cost to us, may be necessary to enforce any patents licensed to us or to determine the scope and validity of third-party obligations.

Regulatory and accounting requirements may require substantial reductions in reported Proved Reserves (see Glossary of Selected Petroleum Terms) and limitations of hedging.

We review on a periodic basis the carrying value of our crude oil and natural gas properties under the applicable rules of the various regulatory agencies, including the Commission. Under these rules, the carrying value of Proved Reserves of crude oil and natural gas properties may not exceed the present value of estimated future net after-tax cash flows from Proved Reserves, discounted at 10%. Application of this "ceiling" test generally requires pricing future revenues at the un-escalated prices in effect as of the end of our fiscal year and requires a write down for accounting purposes if the ceiling is exceeded, even if prices declined for only a short period of time. We may in the future be required to write down the carrying value of our crude oil and natural gas properties when crude oil and natural gas prices are depressed or unusually volatile. Whether we will be required to take such a charge will depend in part on the prices for crude oil and natural gas at the end of any fiscal period and the effect of reserve additions or revisions and capital expenditures during such period. If a write down is required, it would result in a charge to our earnings but would not impact our cash flow from operating activities.

Commodity contracts may expose us to risk of financial loss in certain circumstances, including instances where production is less than expected, our customers fail to purchase contracted quantities of crude oil or natural gas or a sudden, unexpected event materially impacts crude oil prices. In addition, any future commodity contracts may limit the benefit to us of increases in the price of crude oil. We have had no commodity contracts effective or outstanding since February 2007.

We may be unable to acquire and develop the additional oil and gas reserves that are required in order to sustain our business operations.

In general, the volumes of production from crude oil and natural gas properties decline as reserves are depleted, with the rate of decline depending on reservoir characteristics. Except to the extent we acquire properties containing proved reserves or conduct successful development activities, or both, our proved reserves will decline. Our future crude oil and natural gas production is, therefore, highly dependent upon our level of success in finding or acquiring additional reserves. Due to the Delhi Farmout, our immediate future growth is highly dependent on our ability to develop additional oil and gas reserves.

We are subject to substantial operating risks that may adversely affect our results of operations.

The crude oil and natural gas business involves numerous operating hazards such as well blowouts, mechanical failures, explosions, uncontrollable flows of crude oil, natural gas or well fluids, fires, formations with abnormal pressures, hurricanes, flooding, pollution, releases of toxic gas and other environmental hazards and risks. We could suffer substantial losses as a result of any of these events. While we carry general liability, control of well, and operator's extra expense coverage typical in our industry, we are not fully insured against all risks incident to our business.

We are not the operator of the Delhi CO₂-EOR project and may not always be the operator of our other wells. As a result, our operating risks for those wells and our ability to influence the operations for these wells will be less subject to our control. Operators of these wells may act in ways that are not in our best interests. If this occurs, the development of, and production of crude oil and natural gas from, some wells may not occur which would have an adverse effect on our results of operations.

The loss of key personnel could adversely affect us.

We depend to a large extent on the services of certain key management personnel, including our executive officers, the loss of any of whom could have a material adverse effect on our operations. In particular, our future success is dependent upon Robert S. Herlin, our President and Chief Executive Officer, Sterling H. McDonald, our Chief Financial Officer, and Daryl V. Mazzanti, our Vice-President of Operations, for sourcing, evaluating and closing deals, capital raising, and oversight of development and operations. Presently, the Company is not a beneficiary of any key-man insurance.

The loss of any of our skilled technical personnel could adversely affect our business.

We depend to a large extent on the services of skilled technical personnel to operate and maintain our crude oil and natural gas fields. We do not have the resources to perform all of these services and therefore we outsource many of our requirements. Additionally, as our production activity increases, so does our need for such services. Generally, we do not have long-term agreements with our drilling and maintenance service providers. Accordingly, there is a risk that any of our service providers could discontinue servicing our crude oil and natural gas fields for any reason. Although we believe that we could establish alternative sources for most of our operational and maintenance needs, any delay in locating, establishing relationships, and training our sources could result in production shortages and maintenance problems, with a resulting loss of revenue to us. We also rely on third-party carriers for the transportation and distribution of our production, the loss of any of which could have a material adverse effect on our operations.

We may have difficulty managing future growth and the related demands on our resources and may have difficulty in achieving future growth.

Although we hope to experience growth through acquisitions and development activity, any such growth may place a significant strain on our financial, technical, operational and administrative resources. Our ability to grow will depend upon a number of factors, including:

our ability to identify and acquire new development or acquisition projects;

our ability to develop existing properties;

our ability to continue to retain and attract skilled personnel;

the results of our development program and acquisition efforts;

the success of our technologies;

hydrocarbon prices;

our ability to successfully integrate new properties; and

our access to capital.

We cannot assure you that we will be able to successfully grow or manage any such growth.

We face strong competition from larger crude oil and natural gas companies.

Our competitors include major integrated crude oil and natural gas companies and numerous independent crude oil and natural gas companies, individuals and drilling and income programs. Many of our competitors are large, well-established companies with substantially larger operating staffs and greater capital resources than we have. We may not be able to successfully conduct our operations, evaluate and select suitable properties and consummate transactions in this highly competitive environment. Specifically, these larger competitors may be able to pay more for development projects and productive crude oil and natural gas properties and may be able to define, evaluate, bid for and purchase a greater number of properties and prospects than our financial or human resources permit. In addition, such companies may be able to expend greater resources on the existing and changing technologies that we believe are and will be increasingly important to attaining success in our industry.

The crude oil and natural gas reserves included in this report are only estimates and may prove to be inaccurate.

There are numerous uncertainties inherent in estimating crude oil and natural gas reserves and their estimated values. The reserves discussed in this report are only estimates that may prove to be inaccurate because of these uncertainties. Reservoir engineering is a subjective and inexact process of estimating underground accumulations of crude oil and natural gas that cannot be measured in an exact manner. Estimates of economically recoverable crude oil and natural gas reserves depend upon a number of variable factors, such as historical production from the area compared with production from other producing areas and assumptions concerning effects of regulations by governmental agencies, future crude oil and natural gas prices, future operating costs, severance and excise taxes, development costs and work-over and remedial costs. Some or all of these assumptions may in fact vary considerably from actual results. For these reasons, estimates of the economically recoverable quantities of crude oil and natural gas attributable to any particular group of properties, classifications of such reserves based on risk of recovery, and estimates of the future net cash flows expected therefrom prepared by different engineers or by the same engineers but at different times may vary substantially. Accordingly, reserve estimates may be subject to downward or upward adjustment. Actual production, revenue and expenditures with respect to our reserves will likely vary from estimates, and such variances may be material. The information regarding discounted future net cash flows included in this report should not

be considered as the current market value of the estimated crude oil and natural gas reserves attributable to our properties. As required by the Commission, the estimated discounted future net cash flows from proved reserves are based on prices and costs as of the date of the estimate, while actual future prices and costs may be materially higher or lower. Actual future net cash flows also will be affected by factors such as the amount and timing of actual production, supply and demand for crude oil and natural gas, increases or decreases in consumption, and changes in governmental regulations or taxation. In addition, the 10% discount rate, which is required by the Commission to be used in calculating discounted future net cash flows for reporting purposes, is not necessarily the most appropriate discount rate based on interest rates in effect from time to time and risks associated with us or the crude oil and natural gas industry in general.

We cannot market the crude oil and natural gas that we produce without the assistance of third parties.

The marketability of the crude oil and natural gas that we produce depends upon the proximity of our reserves to, and the capacity of, facilities and third-party services, including crude oil and natural gas gathering systems, pipelines, trucking or terminal facilities, and processing facilities. The unavailability or lack of capacity of such services and facilities could result in the shut-in of producing wells or the delay or discontinuance of development plans for properties. A shut-in or delay or discontinuance could adversely affect our financial condition. In addition, federal and state regulation of crude oil and natural gas production and transportation could affect our ability to produce and market our crude oil and natural gas on a profitable basis.

Risks Relating to the Oil and Gas Industry

Crude oil and natural gas development, re-completion of wells from one reservoir to another reservoir, restoring wells to production and drilling and completing new wells are speculative activities and involve numerous risks and substantial and uncertain costs.

Our growth will be materially dependent upon the success of our future development program. Drilling for crude oil and natural gas and re-working existing wells involve numerous risks, including the risk that no commercially productive crude oil or natural gas reservoirs will be encountered. The cost of drilling, completing and operating wells is substantial and uncertain, and drilling operations may be curtailed, delayed or cancelled as a result of a variety of factors beyond our control, including:

unexpected drilling conditions;

pressure or irregularities in formations;

equipment failures or accidents;

inability to obtain leases on economic terms, where applicable;

adverse weather conditions;

compliance with governmental requirements; and

shortages or delays in the availability of drilling rigs or crews and the delivery of equipment.

Drilling or re-working is a highly speculative activity. Even when fully and correctly utilized, modern well completion techniques such as hydraulic fracturing and horizontal drilling do not guarantee that we will find crude oil and/or natural gas in our wells. Our future drilling activities may not be successful and, if unsuccessful, such failure would have an adverse effect on our future results of operations and financial condition. We cannot assure you that our overall drilling success rate or our drilling success rate for activities within a particular geographic area will not decline. We may identify and develop prospects through a number of methods, some of which do not include lateral drilling or

hydraulic fracturing, and some of which may be unproven. The drilling and results for these prospects may be particularly uncertain. Our drilling schedule may vary from our capital budget. The final determination with respect to the drilling of any scheduled or budgeted prospects will be dependent on a number of factors, including, but not limited to:

the results of previous development efforts and the acquisition, review and analysis of data;

the availability of sufficient capital resources to us and the other participants, if any, for the drilling of the prospects;

the approval of the prospects by other participants, if any, after additional data has been compiled;

economic and industry conditions at the time of drilling, including prevailing and anticipated prices for crude oil and natural gas and the availability of drilling rigs and crews;

our financial resources and results;

the availability of leases and permits on reasonable terms for the prospects; and

the success of our drilling technology.

We cannot assure you that these projects can be successfully developed or that the wells discussed will, if drilled, encounter reservoirs of commercially productive crude oil or natural gas. There are numerous uncertainties in estimating quantities of proved reserves, including many factors beyond our control.

Crude oil and natural gas prices are highly volatile in general and low prices will negatively affect our financial results.

Our revenues, operating results, profitability, cash flow, future rate of growth and ability to borrow and repay funds or obtain additional capital, as well as the carrying value of our properties, are substantially dependent upon prevailing prices of crude oil and natural gas. Lower crude oil and natural gas prices also may reduce the amount of crude oil and natural gas that we can produce economically. Historically, the markets for crude oil and natural gas have been very volatile, and such markets are likely to continue to be volatile in the future. Prices for crude oil and natural gas are subject to wide fluctuation in response to relatively minor changes in the supply of and demand for crude oil and natural gas, market uncertainty and a variety of additional factors that are beyond our control, including:

worldwide and domestic supplies of crude oil and natural gas;

the level of consumer product demand;

local and regional market differentials in price due to transportation cost, supply/demand imbalances and pipeline capacity limitations;

weather conditions;

domestic and foreign governmental regulations;

the price and availability of alternative fuels;

political instability or armed conflict in oil-producing regions;

the price and level of foreign imports; and

overall domestic and global economic conditions.

It is extremely difficult to predict future crude oil and natural gas price movements with any certainty. Declines in crude oil and natural gas prices may materially adversely affect our financial condition, liquidity, ability to finance planned capital expenditures and results of operations. Further, oil and gas prices do not move in tandem. While our new projects are evaluated based on the assumption of oil and gas prices considerably less than in the current market or projected in the futures market, we do assume commodity prices will be higher than historic levels prior to 2004.

Oilfield service prices have been escalating, and the availability of such services may be inadequate to meet our needs.

Our business plan to redevelop mature oil and gas resources requires third party oilfield service vendors, which we do not control. Long lead times and spot shortages of any of a myriad of services we may require to redevelop our properties may prevent us from, or delay us in, maintaining or increasing the production volumes we expect. In addition, the recent escalating costs for such services may render certain or all of our projects uneconomic, as compared to the earlier prices we may have assumed when deciding to redevelop newly purchased or existing properties. Further adverse economic outcomes may result from the long lead times often necessary to execute and complete our redevelopment plans.

Government regulation and liability for environmental matters may adversely affect our business and results of operations.

Crude oil and natural gas operations are subject to extensive federal, state and local government regulations, which may be changed from time to time. Matters subject to regulation include discharge permits for drilling operations, drilling bonds, reports concerning operations, the spacing of wells, unitization and pooling of properties and taxation. From time to time, regulatory agencies have imposed price controls and limitations on production by restricting the rate of flow of crude oil and natural gas wells below actual production capacity in order to conserve supplies of crude oil and natural gas. There are federal, state and local laws and regulations primarily relating to protection of human health and the environment applicable to the development, production, handling, storage, transportation and disposal of crude oil and natural gas, by-products thereof and other substances and materials produced or used in connection with crude oil and natural gas operations. In addition, we may inherit liability for environmental damages caused by previous owners of property we purchase or lease or nearby properties. As a result, we may incur substantial liabilities to third parties or governmental entities. We are also subject to changing and extensive tax laws, the effects of which cannot be predicted. The implementation of new, or the modification of existing, laws or regulations could have a material adverse effect on us.

Risks Associated with Our Stock and the Offering

Our stock price has been and may continue to be very volatile.

Our common stock is thinly traded and the market price has been, and is likely to continue to be, highly volatile. For example, during our fiscal year 2007, our stock price as traded on the American Stock Exchange has ranged from \$2.90 to \$3.04. The variance in our stock price makes it extremely difficult to forecast with any certainty the stock price at which an investor may be able to buy or sell shares of our common stock. The market price for our common stock could be subject to wide fluctuations as a result of factors that are out of our control, such as:

actual or anticipated variations in our results of operations;

naked short selling of our common stock and stock price manipulation;

changes or fluctuations in the commodity prices of crude oil and natural gas;

general conditions and trends in the crude oil and natural gas industry; and

general economic, political and market conditions.

Our executive officers, directors and affiliates may be able to control the election of our directors and all other matters submitted to our stockholders for approval.

Our executive officers and directors, in the aggregate, beneficially own approximately 11.6 million shares or approximately 39% of our outstanding common stock, inclusive of which our Chairman of the Board, Mr. Laird Q. Cagan, Managing Director of Cagan McAfee Capital Partners, LLC ("CMCP") currently owns or controls, directly or indirectly, approximately 7.5 million shares, or approximately 27.8% of our outstanding common stock. Mr. Eric McAfee, a Managing Director of CMCP, currently owns or controls, directly or indirectly, approximately 5.2 million shares, or approximately 19.4% of our outstanding common stock, but is neither an officer nor a member of our board of directors. Collectively, the two managing directors of CMCP currently own or control, directly or indirectly, approximately 12.7 million shares, or approximately 47% of our outstanding common stock. Our executive officers and outside directors (other than Mr. Cagan) have beneficial ownership of approximately 4,187,891 shares, or approximately 15.5% of our outstanding common stock. As a result, these holders, if they were to act together, could exercise effective control over all matters submitted to our stockholders for approval (including the election and removal of directors and any merger, consolidation or sale of all or substantially all of our assets). This concentration of ownership may have the effect of delaying, deferring or preventing a change in control of our company, impede a merger, consolidation, takeover or other business combination involving our company or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our company, which in turn could have an adverse effect on the market price of our common stock.

The market for our common stock is limited and may not provide adequate liquidity.

Our common stock is currently thinly traded on the American Stock Exchange. During our fiscal year 2007, 2008, the actual trading volume in our common stock ranged from a low of 1,800 shares of common stock traded to a high of 353,300 shares of common stock traded, with only 61 days exceeding a trading volume of 50,000 shares. On most days, this trading volume means there is limited liquidity in our shares of common stock. Selling our shares is more difficult because smaller quantities of shares are bought and sold and news media coverage about us is limited. These factors result in a limited trading market for our common stock and therefore holders of our stock may be unable to sell shares purchased should they desire to do so.

The sale of shares could depress our stock price.

The re-offer prospectus registers the re-sale of approximately 4,187,891 shares of stock which are held by our executive officers and outside directors. The sale of all or a substantial portion of these shares at any one time given our current trading volume could have a depressive affect on our stock price.

If securities or industry analysts do not publish research reports about our business or if they downgrade our stock, the price of our common stock could decline.

Small, relatively unknown companies can achieve visibility in the trading market through research and reports that industry or securities analysts publish. To our knowledge, there are four non-company paid analysts covering our company. The lack of additional published reports by independent securities analysts could limit the interest in our common stock and negatively affect our stock price. We do not have any control over the research and reports these analysts publish or whether they will be published at all. If any analyst who does cover us downgrades our stock, our stock price would likely decline. If any analyst ceases coverage of our company or fails to regularly publish reports on us, we could lose visibility in the financial markets, which in turn could cause our stock price to decline.

The issuance of additional common and preferred stock would dilute existing stockholders.

We are authorized to issue up to 100,000,000 shares of common stock. To the extent of such authorization, our board of directors has the ability, without seeking stockholder approval, to issue additional shares of common stock in the future for such consideration as our board may consider sufficient. The issuance of additional common stock in the future will reduce the proportionate ownership and voting power of the common stock now outstanding. We are also authorized to issue up to 5,000,000 shares of preferred stock, the rights and preferences of which may be designated in series by our board of directors. Such designation of new series of preferred stock may be made without stockholder approval, and could create additional securities which would have dividend and liquidation preferences over the common stock now outstanding. Preferred stockholders could adversely affect the rights of holders of common stock by:

exercising voting, redemption and conversion rights to the detriment of the holders of common stock;

receiving preferences over the holders of common stock regarding our surplus funds in the event of our dissolution or liquidation;

delaying, deferring or preventing a change in control of our company; and

discouraging bids for our common stock.

We do not plan to pay any cash dividends on our common stock.

We have not paid any dividends on our common stock to date and do not anticipate that we will be paying dividends in the foreseeable future. Any payment of cash dividends on our common stock in the future will be dependent upon the amount of funds legally available, our earnings, if any, our financial condition, our anticipated capital requirements and other factors that our board of directors may think are relevant. However, we currently intend for the foreseeable future to follow a policy of retaining all of our earnings, if any, to finance the development and expansion of our business and, therefore, do not expect to pay any dividends on our common stock in the foreseeable future.

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements, which reflect the views of our management with respect to future events and financial performance. Certain of the statements contained in all parts of this document including, but not limited to, those relating to our acquisition and development plans, the effect of changes in strategy and business discipline, our project portfolio, future general and administrative expenses on a per unit of production basis, increases in wells operated, future growth, expansion and acquisitions, future exploration, future seismic data (including timing and results), purchase of technology licenses and their value and application, expansion of operations, generation of additional prospects, review of outside generated prospects and acquisitions, additional reserves and reserve increases, enhancement of visualization and interpretation strengths, expansion and improvement of capabilities, integration of new technology into operations, credit facilities, attraction of new members to our exploration team, future compensation programs, new focus on core areas, new prospects and drilling locations, future capital expenditures (or funding thereof), sufficiency of future working capital, borrowings and capital resources and liquidity, projected cash flows from operations, expectation or timing of reaching payout, outcome, effects or timing of any legal proceedings, drilling plans, including scheduled and budgeted wells, the number, timing or results of any wells, the plans for timing, interpretation and results of new or existing seismic surveys or seismic data, future production or reserves, future acquisition of leases, lease options or other land rights and any other statements regarding future operations, financial results, opportunities, growth, business plans and strategy and other statements that are not historical facts are forward looking.

These forward-looking statements reflect our current view of future events and financial performance. When used in this document, the words "budgeted," "anticipate," "estimate," "expect," "may," "project," "believe," "intend," "plan," "potential" and similar expressions are intended to be among the statements that identify forward looking statements. These forward-looking statements speak only as of their dates and should not be unduly relied upon. We undertake no obligation to update or review any forward-looking statement, whether as a result of new information, future events, or otherwise. Such statements involve risks and uncertainties, including, but not limited to, the numerous risks and substantial and uncertain costs associated with drilling of new wells, the volatility of crude oil and natural gas prices and the effects of relatively low prices for our products, conducting successful exploration and development in order to maintain reserves and revenue in the future, operating risks of crude oil and natural gas operations, our dependence on key personnel, our ability to utilize changing technology and the risk of technological obsolescence, the significant capital requirements of our exploration and development and technology development programs, governmental regulation and liability for environmental matters, results of litigation, management of growth and the related demands on our resources and the ability to achieve future growth, competition from larger crude oil and natural gas companies, the potential inaccuracy of estimates of crude oil and natural gas reserve data, property acquisition risks, and other factors detailed in this prospectus. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual outcomes will likely vary materially from those indicated. For a discussion of some of the factors that may cause actual results to differ materially from those suggested by the forward-looking statements, please read carefully the information under "Risk Factors" beginning on page 3.

You may rely only on the information contained in this prospectus. We have not authorized anyone to provide information different from that contained in this prospectus. Neither the delivery of this prospectus nor the sale of common stock means that information contained in this prospectus is correct after the date of this prospectus. This prospectus is not an offer to sell or solicitation of an offer to buy these securities in any circumstances under which the offer or solicitation is unlawful.

USE OF PROCEEDS

We will not receive any proceeds from the resale of our common stock by the Selling Stockholders pursuant to this prospectus. However, we will receive the sale price of any common stock we sell to the Selling Stockholders upon exercise by them of their warrants. If options to purchase all of the underlying 3,081,000 shares are exercised for cash, we would receive a maximum of approximately \$4,879,600 of total proceeds. If warrants to purchase all of the underlying 1,037,500 shares are exercised for cash, we would receive a maximum of approximately \$1,615,000 of total proceeds. These amounts, and the number of shares issued upon exercise of the options and warrants, may be reduced to the extent that the holders elect to pay for the exercise by canceling a portion of the options or warrants as may be provided under some of the agreements or as may be approved by the Plan Administrator on a case-by-case basis. We would expect to use these proceeds, if any, for general working capital purposes. We have agreed to pay the expenses of registration of these shares, including specified legal and accounting fees.

SELLING STOCKHOLDERS

We are registering our shares of common stock in order to permit the Selling Stockholders to offer the shares for resale from time to time. The table below lists the Selling Stockholders and other information regarding the beneficial ownership of our shares of common stock by each of the Selling Stockholders, including the number of shares of our common stock beneficially owned by each Selling Stockholder as of June 27, 2008.

Each of the Selling Stockholders is currently, or has been within the past three years, an employee, officer, director or consultant of ours or of our predecessors or affiliates. The shares being registered

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for reoffer and resale were acquired by the Selling Stockholders named below pursuant to the Amended and Restated 2004 Stock Plan, the 2003 Stock Option Plan, Revocable Warrant Agreement or Warrant Agreement.

Name of Selling Stockholder	Position	Number of Shares Beneficially Owned	Number of Shares Offered	Number of Shares Beneficially Owned After Offering	Percentage of Shares Beneficially Owned After Offering(1)
Robert S. Herlin(2)	Chief Executive Officer and President	2,296,875(3)	1,687,500(4)	2,687,500	9.4%
Sterling H. McDonald(2)	Vice President and Chief Financial Officer	787,500(5)	1,050,000(6)	1,050,000	3.8%
Daryl Mazzanti(2)	Vice President-Operations	559,375(7)	900,000(8)	925,000	3.3%
Gene Stoever(2)	Director	199,047(9)	178,000	199,047	*
E.J. DiPaolo(2)	Director	199,047(10)	178,000	199,047	*
William Dozier(2)	Director	146,047(11)	125,000	146,047	*

*
Less than 1%

(1)
Based on 26,860,439 shares outstanding on June 27, 2008.

(2)
Address: c/o Evolution Petroleum Corporation, 2500 City West Boulevard, Suite 1300, Houston, Texas 77042.

(3)
Includes (i) 1,000,000 shares directly held by Mr. Herlin; (ii) 703,125 shares which are issuable upon exercise of options that are presently exercisable or exercisable by August 26, 2008; and (iii) 593,750 shares which are issuable upon exercise of warrants that are presently exercisable or exercisable by August 26, 2008.

(4)
Includes (i) 1,000,000 shares which are issuable upon exercise of options; and (ii) 687,500 shares which are issuable upon exercise of warrants.

(5)
Includes (i) 656,250 shares which are issuable upon exercise of options that are presently exercisable or exercisable by August 26, 2008 and (ii) 131,250 shares which are issuable upon exercise of warrants that are presently exercisable or exercisable by August 26, 2008.

(6)
Includes (i) 900,000 shares which are issuable upon exercise of options; and (ii) 150,000 shares which are issuable upon exercise of warrants.

(7)
Includes (i) 25,000 shares directly held by Mr. Mazzanti; (ii) 384,375 shares which are issuable upon exercise of options that are presently exercisable or exercisable by August 26, 2008; and (iii) 150,000 shares which are issuable upon exercise of warrants that are presently exercisable or exercisable by August 26, 2008.

(8)
Includes (i) 700,000 shares which are issuable upon exercise of options; and (ii) 200,000 shares which are issuable upon exercise of warrants.

(9)
Includes (i) 21,047 shares directly held by Mr. Stoever, of which, 8,633 shares are subject to forfeiture provision through December 2008; and (ii) 178,000 shares which are issuable upon exercise of options that are presently exercisable or exercisable by August 26, 2008.

- (10) Includes (i) 21,047 shares directly held by Mr. DiPaolo, of which, 8,633 shares are subject to forfeiture provision through December 2008; and (ii) 178,000 shares which are issuable upon exercise of options that are presently exercisable or exercisable by August 26, 2008.
- (11) Includes (i) 21,047 shares directly held by Mr. Dozier, of which, 8,633 shares are subject to forfeiture provision through December 2008; and (ii) 125,000 shares which are issuable upon exercise of options that are presently exercisable or exercisable by August 26, 2008.

PLAN OF DISTRIBUTION

We are registering shares of our common stock to permit the resale of these shares of our common stock by the holders of such shares of our common stock from time to time after the date of this prospectus. We will not receive any of the proceeds from the sale by the Selling Stockholders of the shares of our common stock, other than the sale price of any common stock we sell to Selling Stockholders upon the exercise of their options or warrants. We will bear all fees and expenses incident to our obligation to register the shares of our common stock.

The Selling Stockholders may sell all or a portion of the shares of our common stock owned by them and offered hereby from time to time directly or through one or more underwriters, broker-dealers or agents. If the shares of our common stock are sold through underwriters or broker-dealers, the Selling Stockholders will be responsible for underwriting discounts or commissions or agent's commissions. The shares of our common stock may be sold in one or more transactions at fixed prices, at prevailing market prices at the time of the sale, at varying prices determined at the time of sale, or at negotiated prices. These sales may be effected in transactions, which may involve crosses or block transactions,

on any national securities exchange or quotation service on which the securities may be listed or quoted at the time of sale;

in the over-the-counter market;

in transactions otherwise than on these exchanges or systems or in the over-the-counter market;

through the writing of options, whether such options are listed on an options exchange or otherwise;

in ordinary brokerage transactions and transactions in which the broker-dealer solicits purchasers;

block trades in which the broker-dealer will attempt to sell the shares as agent but may position and resell a portion of the block as principal to facilitate the transaction;

purchases by a broker-dealer as principal and resale by the broker-dealer for its account;

an exchange distribution in accordance with the rules of the applicable exchange;

privately negotiated transactions;

short sales (provided that no short sales shall occur prior to the effectiveness of this Registration Statement and prospectus);

sales pursuant to Rule 144;

broker-dealers may agree with the Selling Stockholders to sell a specified number of such shares at a stipulated price per share;

a combination of any such methods of sale; and

any other method permitted pursuant to applicable law.

If the Selling Stockholders effect such transactions by selling shares of our common stock to or through underwriters, broker-dealers or agents, such underwriters, broker-dealers or agents may receive commissions in the form of discounts, concessions or commissions from the

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Selling Stockholders or commissions from purchasers of the shares of our common stock for whom they may act as agent or to whom they may sell as principal (which discounts, concessions or commissions as to particular underwriters, broker-dealers or agents may be in excess of those customary in the types of transactions involved). In connection with sales of the shares of our common stock or otherwise, the Selling

Stockholders may enter into hedging transactions with broker-dealers or others, which may in turn engage in short sales of the shares of our common stock in the course of hedging in positions they assume. The Selling Stockholders may also sell shares of our common stock short and deliver shares of our common stock covered by this prospectus to close out short positions and to return borrowed shares in connection with such short sales. The Selling Stockholders may also loan or pledge shares of our common stock to broker-dealers or others that in turn may sell such shares.

The Selling Stockholders may pledge or grant a security interest in some or all of the shares of our common stock owned by them and, if they default in the performance of their secured obligations, the pledgees or secured parties may offer and sell the shares of our common stock from time to time pursuant to this prospectus or any amendment to this prospectus under Rule 424(b)(3) or other applicable provision of the Securities Act of 1933, amending, if necessary, the list of Selling Stockholders to include the pledgee, transferee or other successors in interest as Selling Stockholders under this prospectus. The Selling Stockholders also may transfer and donate the shares of our common stock in other circumstances in which case the transferees, donees, pledgees or other successors in interest will be the selling beneficial owners for purposes of this prospectus.

The Selling Stockholders and any broker-dealer participating in the distribution of the shares of our common stock may be deemed to be "underwriters" within the meaning of the Securities Act, and any commission paid, or any discounts or concessions allowed to, any such broker-dealer may be deemed to be underwriting commissions or discounts under the Securities Act. At the time a particular offering of the shares of our common stock is made, a prospectus supplement, if required, will be distributed which will set forth the aggregate amount of shares of our common stock being offered and the terms of the offering, including the name or names of any broker-dealers or agents, any discounts, commissions and other terms constituting compensation from the Selling Stockholders and any discounts, commissions or concessions allowed or reallocated or paid to broker-dealers.

Under the securities laws of some states, the shares of our common stock may be sold in such states only through registered or licensed brokers or dealers. In addition, in some states the shares of our common stock may not be sold unless such shares have been registered or qualified for sale in such state or an exemption from registration or qualification is available and is complied with.

We cannot assure you that any Selling Stockholder will sell any or all of the shares of our common stock registered pursuant to the shelf Registration Statement, of which this prospectus forms a part.

The Selling Stockholders and any other person participating in such distribution will be subject to applicable provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations there under, including, without limitation, Regulation M of the Exchange Act, which may limit the timing of purchases and sales of any of the shares of our common stock by the Selling Stockholders and any other participating person. Regulation M may also restrict the ability of any person engaged in the distribution of the shares of our common stock to engage in market-making activities with respect to the shares of our common stock. All of the foregoing may affect the marketability of the shares of our common stock and the ability of any person or entity to engage in market-making activities with respect to the shares of our common stock.

We will pay all expenses of the registration of the shares of our common stock pursuant to various registration rights agreements, including, without limitation, Commission filing fees and expenses of compliance with state securities or "blue sky" laws; provided, however, that a Selling Stockholder will pay all underwriting discounts and selling commissions, if any.

Once sold under the shelf Registration Statement, of which this prospectus forms a part, the shares of our common stock will be freely tradable in the hands of persons other than our affiliates.

LEGAL MATTERS

The law firm of Adams and Reese LLP will render an opinion with respect to the validity of the shares of our common stock covered by this prospectus.

EXPERTS

Our financial statements for the twelve month period ended June 30, 2007 and the twelve month period ended June 30, 2006 have been audited by Hein & Associates, LLP to the extent and for the periods indicated in their report thereon which is incorporated by reference into this prospectus. Such financial statements are incorporated by reference into this prospectus in reliance upon the report of Hein & Associates, LLP and upon the authority of such firm as experts in auditing and accounting.

Oil and gas reserve quantities and future net revenues information incorporated by reference in this prospectus and Registration Statement were extracted from reports prepared by W. D. Von Gonten & Co., independent petroleum engineers.

We engaged Robert Olson, an independent geologist, to perform a six-month geological study with respect to approximately 20% of our Delhi Field, the results of which were used to propose eight well locations that yielded proved undeveloped reserves on each location in the Von Gonten engineering report dated July 1, 2005. Four of these proved undeveloped reserve locations are included in the five wells we drilled and completed in our 2005 Delhi Development Drilling Program we began in October 2005.

INFORMATION INCORPORATED BY REFERENCE

The Commission allows us to incorporate by reference the information we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus, and information that we later file with the Commission will automatically update and supersede that information.

We incorporate by reference into this prospectus the following documents:

Our Quarterly Report on Form 10-Q for the quarter ended March 31, 2008 filed on May 14, 2008;

Our Quarterly Report on Form 10-Q for the quarter ended December 31, 2007 filed on February 14, 2008;

Our Current Report on Form 8-K filed on December 10, 2007, February 22, 2008, March 7, 2008, and May 14, 2008;