RAM ENERGY RESOURCES INC
Form S-1/A
January 03, 2007
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As filed with the Securities and Exchange Commission on January 3, 2007

Registration No. 333-138922

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

AMENDMENT NO. 1 TO

FORM S-1

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

RAM ENERGY RESOURCES, INC.

(Exact name of registrant as specified in its charter)

Delaware	1311	20-700684
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

5100 East Skelly Drive, Suite 650

Tulsa, Oklahoma 74135

(918) 663-2800

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

John M. Longmire

Senior Vice President and Chief Financial Officer

5100 East Skelly Drive, Suite 650

Tulsa, Oklahoma 74135

(918) 663-2800

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

COPIES TO:

Theodore M. Elam, Esq. **McAfee & Taft**	**Charles L. Strauss, Esq.** **Fulbright & Jaworski L.L.P.**
A Professional Corporation	**Fulbright Tower**
211 North Robinson, Suite 1000	**1301 McKinney Street, Suite 5100**
Oklahoma City, Oklahoma 73102	**Houston, Texas 77010**
(405) 235-9621	**(713) 651-5151**

Approximate date of commencement of proposed sale of the securities to the public:

As soon as practicable on or after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 of the Securities Act of 1933, check the following box. ¨

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ¨

CALCULATION OF REGISTRATION FEE

Title of Each Class of

Securities to be Registered	Proposed Maximum Aggregate Offering Price (1)(2)	Amount of Registration Fee(1)(2)(3)
Common Stock, par value $0.0001 per share	$74,750,000	$7,999

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(o) of the Securities Act of 1933.

(2) Includes amounts attributable to shares which the underwriter has the option to purchase to cover over-allotments, if any.

(3) The Registrant paid $6,955 of this filing fee in connection with the filing of a Form S-1 with the Commission on November 22, 2006 (Commission File No. 333-138922).

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information contained in this prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer, solicitation or sale is not permitted.

Subject to completion, dated January 3, 2007

PROSPECTUS

11,796,734 Shares

RAM Energy Resources, Inc.

Common Stock

We are offering 9,074,411 shares of our common stock and 2,722,323 shares are being offered by the selling stockholder identified in this prospectus. We will not receive any proceeds from the sale of the shares by the selling stockholder.

Our shares of common stock are quoted on the Nasdaq Capital Market under the symbol RAME . On December 29, 2006, the last reported sale price of our common stock was $5.51 per share.

You should read the risk factors beginning on page 12 of this prospectus to learn about certain factors you should consider before buying shares of our common stock.

PRICE $ PER SHARE

	Per Share	Total
Public Offering Price	$	$
Underwriting Discount	$	$
Net proceeds to RAM Energy Resources, Inc.	$	$
Net proceeds to the selling stockholder (1)	$	$

(1) We will pay all expenses, other than underwriting discounts payable by the selling stockholder, associated with the offering.

We have granted an over-allotment option to the underwriters. Under this option, the underwriters may elect to purchase a maximum of 1,769,510 additional shares from us at the public offering price less underwriting discount within 30 days following the date of this prospectus to cover over-allotments.

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

The underwriters expect to deliver the shares of common stock to investors on or about , 2007.

RBC CAPITAL MARKETS

JEFFERIES & COMPANY

JOHNSON RICE & COMPANY L.L.C.

SANDERS MORRIS HARRIS

FERRIS, BAKER WATTS
INCORPORATED

GILFORD SECURITIES INCORPORATED

, 2007.

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ABOUT THIS PROSPECTUS

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with different information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information contained in this prospectus is accurate as of any date other than the date on the front cover of this prospectus.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are subject to a number of risks and uncertainties, many of which are beyond our control. All statements, other than statements of historical fact included in this prospectus, regarding our strategy, future operations, financial position, estimated revenues and losses, projected costs, prospects, plans and objectives of management are forward-looking statements. When used in this prospectus, the words could, believe, anticipate, intend, estimate, expect, project and similar expressions are intended to id forward-looking statements, although not all forward-looking statements contain such identifying words.

Forward-looking statements may include statements about our:

- business strategy;
- reserves;
- technology;
- financial strategy;
- oil and natural gas realized prices;
- timing and amount of future production of oil and natural gas;
- the amount, nature and timing of capital expenditures;
- drilling of wells;
- competition and government regulations;
- marketing of oil and natural gas;
- property acquisitions;
- costs of developing our properties and conducting other operations;
- general economic conditions;

uncertainty regarding our future operating results; and

plans, objectives, expectations and intentions contained in this prospectus that are not historical.

All forward-looking statements speak only as of the date of this prospectus, and we do not intend to update any of these forward-looking statements to reflect changes in events or circumstances that arise after the date of this prospectus. You should not place undue reliance on these forward-looking statements. Although we believe that our plans, intentions and expectations reflected in or suggested by the forward-looking statements we make in this prospectus are reasonable, we can give no assurance that these plans, intentions or expectations will be achieved. We disclose important factors that could cause our actual results to differ materially from our expectations under *Risk Factors* and *Management s Discussion and Analysis of Financial Condition and Results of Operations* and elsewhere in this prospectus. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf. The market data and certain other statistical information used throughout this prospectus are based on independent industry publications, government publications or other published independent sources. Some data are also based on our good faith estimates. Although we believe these third-party sources are reliable, we have not independently verified the information and cannot guarantee its accuracy and completeness.

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PROSPECTUS SUMMARY

This summary highlights information contained in other parts of our prospectus. Because it is a summary, it does not contain all information that you should consider before investing in our shares. You should read the entire prospectus carefully, including Risk Factors, our financial statements and the notes thereto. We have included definitions of technical terms important to an understanding of our business under Glossary of Oil and Natural Gas Terms.

Unless the context otherwise requires, all references in this prospectus to RAM Energy Resources, our, us, and we refer to RAM Energy Resources, Inc. (formerly known as Tremisis Energy Acquisition Corporation) and its subsidiaries, as a combined entity. All references in this prospectus to RAM Energy refer to RAM Energy, Inc., our wholly owned subsidiary. Unless the context otherwise requires, the information contained in this prospectus gives effect to the May 8, 2006 consummation of the merger of RAM Energy Acquisition, Inc., our wholly owned subsidiary, with and into RAM Energy, and the change of our name from Tremisis Energy Acquisition Corporation to RAM Energy Resources, Inc., which transactions are collectively called the merger. See Prospectus Summary Recent Events for a discussion of the merger. As used in this prospectus, EBITDA refers to net income before interest expense, amortization, depreciation, accretion, income taxes, gain on early extinguishment of debt, gain on sale of oil and natural gas properties, share-based compensation, extraordinary gains or losses, the cumulative effects of changes in accounting principles and unrealized gains or losses on derivatives.

RAM Energy Resources, Inc.

We are an independent oil and natural gas company engaged in the acquisition, development, exploitation, exploration and production of oil and natural gas properties, primarily in Texas, Louisiana and Oklahoma. Our producing properties are located in highly prolific basins with long histories of oil and natural gas operations. We have been active in these core areas since our inception in 1987 and have grown through a balanced strategy of acquisitions and development and exploratory drilling. We have completed over 20 acquisitions of producing oil and natural gas properties and related assets for an aggregate purchase price approximating $400 million. Through December 31, 2006, we have drilled or participated in the drilling of 561 oil and natural gas wells, 93% of which were successfully completed and produced hydrocarbons in commercial quantities. Our management team has extensive technical and operating expertise in all areas of our geographic focus.

Our oil and natural gas assets are characterized by a combination of conventional and unconventional reserves and prospects. We have conventional reserves and production in four main onshore locations:

- Electra/Burkburnett, Wichita and Wilbarger Counties, Texas;
- Boonsville, Jack and Wise Counties, Texas;
- Vinegarone, Val Verde County, Texas; and
- Egan, Acadia Parish, Louisiana.

We have unconventional reserves and production in our Barnett Shale play located in Jack and Wise Counties, Texas, where we own interests in approximately 27,700 gross (6,800 net) acres.

In addition, we have positioned ourselves for participation in two emerging resource plays in southwest Texas. We have an exploratory play targeting the Barnett and Woodford Shale formations where we own interests in approximately 84,000 gross (6,600 net) acres. We also have an exploratory play targeting the Wolfcamp formation where we are actively acquiring acreage and have accumulated leases and options covering over 15,000 gross and net acres.

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At December 31, 2005, our estimated net proved reserves were 18.8 MMBoe, of which approximately 60% were crude oil, 30% were natural gas, and 10% were natural gas liquids, or NGLs. The PV-10 Value of our proved reserves was approximately $345.5 million based on prices we were receiving as of December 31, 2005, which were $58.63 per Bbl of oil, $35.89 per Bbl of NGLs and $9.14 per Mcf of natural gas. At December 31, 2005, our proved developed reserves comprised 70% of our total proved reserves, and the estimated reserve life for our total proved reserves was approximately 15 years.

We own interests in approximately 2,900 wells and are the operator of leases upon which approximately 1,900 of these wells are located. The PV-10 Value attributable to our interests in the properties we operate represented approximately 86% of our aggregate PV-10 Value as of December 31, 2005. We also own a drilling rig, various gathering systems, a natural gas processing plant, service rigs and a supply company that service our properties.

From January 1, 1997 through December 31, 2005, our reserve replacement percentage, through discoveries, extensions, revisions and acquisitions, but excluding divestitures, was 344%. Since January 1, 1997, our historical average finding cost from all sources, exclusive of divestitures, has been $6.27 per Boe. During the twelve months ended December 31, 2006, we drilled or participated in the drilling of 92 wells on our oil and natural gas properties, 80 of which were successfully completed as producing wells, four of which were dry holes and eight of which were either drilling or waiting to be completed at the end of that period. For the twelve months ended September 30, 2006 we generated EBITDA of $33.8 million from production averaging 3,740 Boe per day. For more information regarding our EBITDA, including a reconciliation to our net income (loss), see *Selected Consolidated Financial Data.*

Our Business Strategy and Strengths

Our primary objective is to enhance stockholder value by increasing our net asset value, net reserves and cash flow per share through acquisitions, development, exploitation, exploration and divestiture of oil and natural gas properties. We intend to follow a balanced risk strategy by allocating capital expenditures in a combination of lower risk development and exploitation activities and higher potential exploration prospects. We intend to pursue acquisitions during periods of attractive acquisition values and emphasize development of our reserves during periods of higher acquisition values. Key elements of our business strategy include the following:

Concentrate on Our Existing Core Areas. We intend to focus a significant portion of our growth efforts in our existing core areas. Our oil and natural gas properties in our core areas are characterized by long reserve lives and production histories in multiple oil and natural gas horizons. We believe our focus on and experience in our core areas may expose us to acquisition opportunities which may not be available to the entire industry.

Accelerate Our North Texas Barnett Shale Development. Due to the high degree of commercial success in the north Texas Barnett Shale by the oil and natural gas industry, we plan to use proceeds of this offering to significantly accelerate drilling in our north Texas Barnett Shale properties. We have over 325 potential horizontal well locations on our properties. We have drilled nine gross (3.4 net) wells to date with a 100% success rate on our north Texas Barnett Shale properties and plan on drilling a minimum of four gross (2.1 net) wells to a maximum of seven gross (2.8 net) wells during 2007.

Complete Selective Acquisitions and Divestitures. We seek to acquire producing oil and natural gas properties, primarily in our core areas. Our experienced senior management team has developed our acquisition criteria designed to increase reserves, production and cash flow per share on an accretive basis. We will seek acquisitions of producing properties that will provide us with opportunities for

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reserve additions and increased cash flow through operating improvements, production enhancement and additional development and exploratory prospect generation opportunities. In addition, from time to time, we may engage in strategic divestitures when we believe our capital may be redeployed to higher return projects.

Develop and Exploit Existing Oil and Natural Gas Properties. We have historically increased stockholder value by fully developing or exploiting our acquired and discovered properties until we determine that it is no longer economically attractive to do so. As of December 31, 2006, we have identified 161 proved development and extension drilling projects and 166 recompletion/workover projects on our existing properties and wells.

Increase Emphasis on Exploration Activity. We are committed to increasing our emphasis on exploration activities within the context of our balanced risk objectives. We will continue to acquire, review and analyze 3-D seismic data to generate exploratory prospects. Our exploration efforts utilize available geological and geophysical technologies to reduce our exploration and drilling risks and, therefore, maximize our probability of success.

We believe that the following strengths complement our business strategy:

Inventory of Growth Opportunities in the North Texas Barnett Shale. We believe we have a significant inventory of growth opportunities beyond our proved reserve base. We have over 325 potential drilling locations within the north Texas Barnett Shale. We believe that our inventory of potential drilling locations should provide us the opportunity to grow organically for the foreseeable future without having to depend upon acquisitions of properties. Based on current cost estimates, we have approximately $250 million of potential future capital expenditures for the full development of our north Texas Barnett Shale acreage.

Management Experience and Technical Expertise. Our key management and technical staff possess an average of 26 years of experience in the oil and natural gas industry, a substantial portion of which has been focused on operations in our core areas. We believe that the knowledge, experience and expertise of our staff will continue to support our efforts to enhance stockholder value.

Balanced Oil and Natural Gas Production. At year-end 2005, approximately 60% of our estimated proved reserves were oil, 30% were natural gas and 10% were NGLs. We believe this balanced commodity mix, combined with our prudent use of derivative contracts, will provide sufficient diversification of sources of cash flow and will lessen the risk of significant and sudden decreases in revenue from localized or short-term commodity price movements.

Operating Efficiency and Control. We currently operate wells that represent 86% of our aggregate PV-10 Value at December 31, 2005. Our high degree of operating control allows us to control capital allocation and expenses and the timing of additional development and exploitation of our producing properties.

Drilling Expertise and Success. Our management and technical staff have a long history of successfully drilling oil and natural gas wells. Through December 31, 2006, we have drilled or participated in the drilling of 561 oil and natural gas wells with a 93% success rate. We expect to continue to grow by utilizing our drilling expertise and developing and finding additional reserves, although our success rate may decline as we drill more exploratory wells.

Ownership and Control of Service and Supply Assets. We own and control service and supply assets, including a drilling rig, service rigs, a supply company, gathering systems and other related assets. We believe that ownership and use of these assets for our own account provides us with a significant

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competitive advantage with respect to availability, lead-time and cost of these services. For calendar year 2007, approximately 75% of our projected capital expenditures will be in areas serviced by these assets.

Insider Ownership. After giving effect to the completion of this offering, management and insiders will own approximately 54% of our outstanding shares, providing a strong alignment of interest between management, the board of directors and our outside stockholders.

Balance Sheet Flexibility. After giving effect to the completion of this offering and application of the net proceeds as described in this prospectus, we will have significant liquidity for pursuing acquisitions, accelerating our development and exploratory activities and taking advantage of opportunities as they arise.

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Principal Producing Properties

The following is a summary of our oil and natural gas reserve information with respect to our principal properties as of December 31, 2005 and with respect to our producing wells, drilling locations and net acreage as of September 30, 2006:

	Electra/ Burkburnett	Boonsville	Egan	Barnett Shale	Vinegarone
Proved reserves (Mboe)	9,802	3,011	1,651	408	1,110
Percent proved developed	61%	69%	100%	83%	31%
Percent oil	97%	6%	11%	2%	
PV-10 Value (in thousands) (1)	$ 182,920	$ 43,403	$ 38,424	$ 10,410	$ 21,480
Gross producing wells:					
Operated by RAM Energy	503	87	10	2	
Operated by others		1		7	7
Proved drilling locations	152	20		4	3
Potential unproven drilling locations				325	
Total net acres	12,190	7,313	3,740	6,800	1,830

(1) The PV-10 Value of our proved reserves as of December 31, 2005 was calculated using unescalated prices of $58.63 per Bbl of oil, $35.89 per Bbl of NGLs, and $9.14 per Mcf of natural gas, which were the prices we were receiving as of December 31, 2005. The prices at which we sell natural gas are determined on the first day of each month for the entire month.

Principal Exploration Projects

The following is a summary of our principal exploration projects as of September 30, 2006, both of which are located in southwest Texas:

Name	Objective	Net Acres
Wolfcamp	Shale Gas Canyon Sands	15,000
Barnett/Woodford	Shale Gas	6,600

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Recent Events

Tremisis Merger. Prior to May 8, 2006, our corporate name was Tremisis Energy Acquisition Corporation, or Tremisis. On May 8, 2006, Tremisis acquired RAM Energy, Inc. through the merger of its recently formed, wholly owned subsidiary into RAM Energy, Inc. The merger was accomplished pursuant to the terms of an Agreement and Plan of Merger dated October 20, 2005, as amended, which is referred to as the merger agreement, among Tremisis, its acquisition subsidiary, RAM Energy, Inc. and the stockholders of RAM Energy, Inc. Upon completion of the merger, RAM Energy, Inc. became Tremisis wholly owned subsidiary and Tremisis changed its name from Tremisis Energy Acquisition Corporation to RAM Energy Resources, Inc.

Upon consummation of the merger, the stockholders of RAM Energy, Inc. received an aggregate of 25,600,000 shares of Tremisis common stock and $30.0 million of cash. Prior to consummation of the merger, and as permitted by the merger agreement, on April 6, 2006, RAM Energy, Inc. redeemed a portion of its outstanding stock for an aggregate consideration of $10.0 million.

The merger was accounted for as a reverse acquisition. RAM Energy, Inc. has been treated as the acquiring company and the continuing reporting entity for accounting purposes. Upon completion of the merger, the assets and liabilities of Tremisis were recorded at their fair value, which is considered to approximate historical cost, and added to those of RAM Energy, Inc. Because Tremisis had no active business operations prior to consummation of the merger, the merger was accounted for as a recapitalization of RAM Energy, Inc.

Acquisition of Properties. Effective September 1, 2006, we acquired 447,000 Boe of proved reserves and associated gathering assets in a field located in close proximity to our existing north Texas properties. Current production from the acquired properties is from the Bend Conglomerate. The acquired properties also included undeveloped deep rights, including the Barnett Shale formation. The purchase price was $4.6 million, or $9.84 per Boe of estimated proved reserves. The proved reserve mix in the acquired properties is 72% natural gas and 28% oil.

Stock Transactions. On September 22, 2006, we repurchased 739,175 shares of our common stock from an unaffiliated party in a negotiated transaction at a purchase price of $4.295 per share. On November 10, 2006, we approved the grant of restricted stock awards under our 2006 Long-Term Incentive Plan for an aggregate of 646,805 shares of our common stock to 22 of our employees, including two of our vice presidents, one of whom received an award of 75,100 shares, and the other who received an award of 69,170 shares. We will incur compensation expense of approximately $3.3 million, which will be recognized ratably through 2011, in connection with our November 10, 2006 restricted stock issuances.

Fourth Quarter Operations. During the fourth quarter of 2006 we drilled or participated in the drilling of 18 gross (18.0 net) development wells, of which 13 net wells are capable of commercial production, and five gross (5.0 net) wells were drilling, testing or in the completion process at year end. Wells drilled during the quarter included 18 gross (18.0 net) wells in our Electra/Burkburnett area. During the fourth quarter of 2006, we participated in the drilling of three gross (2.1 net) exploratory wells, two gross (2.0 net) of which were in our Wolfcamp prospect. All three exploratory wells were in various stages of completion at year end.

Our non-acquisition related capital expenditures during the fourth quarter of 2006 aggregated $6.4 million, of which $3.5 million was allocated to development and exploitation activities, and $2.9 million was allocated to exploration activities. Our total non-acquisition capital expenditures for 2006, were approximately $23.4 million, compared to our 2006 capital expenditure budget of $24.3 million. In addition, we expended $4.6 million in our acquisition of 447,000 Boe of proved reserves in the third quarter of 2006.

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Risks Related to Our Strategy

Prospective investors should carefully consider the matters we discuss under the caption *Risk Factors,* as well as the other information in this prospectus, including that the market for attractive opportunities to acquire properties with proved undeveloped reserves may not be available; our reserve estimates may not be accurate; our results will be affected by the volatile nature of oil and natural gas prices and we may experience delays in obtaining drilling rigs and shortages of equipment. One or more of these matters could negatively affect our ability to successfully implement our business strategy.

Our Executive Offices

Our principal executive offices are located at 5100 East Skelly Drive, Suite 650, Tulsa, Oklahoma 74135. Our telephone number is (918) 663-2800.

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The Offering

Common stock offered by us	9,074,411 Shares
Common stock offered by selling stockholder (1)	2,722,323 Shares
Option	We have granted the underwriters a 30-day option to purchase up to an aggregate of 1,769,510 additional shares of common stock.
Common stock outstanding after the offering (2)	42,513,941 Shares
Use of Proceeds	We intend to use the net proceeds from this offering primarily to repay indebtedness outstanding under our 11 $^{1}/2$% senior notes and our senior credit facility and to provide additional working capital for general corporate purposes, including acquisition, development, exploitation and exploration of oil and natural gas properties.
Nasdaq Capital Market symbol	RAME

(1) The selling stockholder is Danish Knights, A Limited Partnership, which is a family limited partnership formed by Dr. William W. Talley II, a founder and former chairman of RAM Energy, Inc. Dr. Talley passed away in 2005. No partner of Danish Knights is a director or officer of RAM Energy Resources, Inc.

(2) The shares of common stock outstanding after this offering do not include approximately 12,650,000 shares issuable upon the exercise of outstanding warrants at an exercise price of $5.00 per share and 825,000 shares of our common stock issuable upon the exercise of currently exercisable options to purchase 275,000 units at an exercise price of $9.90 per unit, each unit consisting of one share of our common stock and two warrants, each warrant to purchase one share of our common stock at an exercise price of $6.25 per share. Such warrants, when issued, will be immediately exercisable. The shares of common stock to be outstanding after this offering do not include shares of our common stock that we will issue upon the exercise of options or other awards that may be granted under our 2006 Long-Term Incentive Plan. We have remaining a maximum of 1,423,195 shares of common stock reserved for issuance upon the exercise of options that may be granted and pursuant to awards that may be made under our 2006 Long-Term Incentive Plan. In addition, the shares of common stock to be outstanding after this offering do not include shares of our common stock which may be issued to the underwriter pursuant to its over-allotment option.

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SUMMARY CONSOLIDATED FINANCIAL INFORMATION AND OTHER DATA

We are providing the following summary consolidated financial information and other data to assist you in your analysis of our financial condition and results of operations. We acquired RAM Energy effective May 8, 2006, by the merger of our recently formed, wholly owned subsidiary with and into RAM Energy, which transaction we refer to as the merger. See *Prospectus Summary Recent Events* for a discussion of the merger. For accounting and financial reporting purposes, the merger was accounted for under the purchase method of accounting as a reverse acquisition and, in substance, as a capital transaction, because Tremisis had no active business operations prior to consummation of the merger. Accordingly, for accounting and financial reporting purposes, the merger was treated as the equivalent of RAM Energy issuing stock for the net monetary assets of Tremisis, accompanied by a recapitalization. The net monetary assets of Tremisis have been stated at their fair value, essentially equivalent to historical costs, with no goodwill or other intangible assets recorded. The accumulated deficit of RAM Energy has been carried forward. Operations prior to the merger are those of RAM Energy.

The consolidated balance sheet data as of December 31, 2004 and 2005 and the consolidated statement of operations data for the years ended December 31, 2003, 2004 and 2005 are derived from RAM Energy s consolidated financial statements audited by UHY Mann Frankfort Stein & Lipp CPAs, LLP, independent registered public accountants, and are included elsewhere in this prospectus. The consolidated balance sheet data as of December 31, 2003 and the consolidated statement of operations data for the year ended December 31, 2002 are derived from RAM Energy s consolidated financial statements audited by UHY Mann Frankfort Stein & Lipp CPAs, LLP, independent registered public accountants, which are not included in this prospectus. The consolidated balance sheet data of RAM Energy as of December 31, 2001 and 2002 and the consolidated statement of operations data for the year ended December 31, 2001 are derived from RAM Energy s unaudited consolidated financial statements, which are not included in this prospectus.

The summary consolidated financial information and other data presented below is only a summary and should be read in conjunction with the historical consolidated financial statements of each of RAM Energy and Tremisis, and the related notes, *Management s Discussion and Analysis of Financial Condition and Results of Operations* and *Business and Properties*. The historical results included below and elsewhere in this prospectus may not be indicative of our future performance. RAM Energy s financial position and results of operations for 2003, 2004 and 2005 may not be comparative to other periods as a result of certain divestitures and acquisitions, as more fully described in RAM Energy s financial statements included elsewhere in this prospectus.

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Summary Consolidated Financial Information

(in thousands)

Statement of Operations Data	Year Ended December 31, 2001	2002	2003	2004	2005 (1)	Nine Months Ended September 30, 2005 (1) (unaudited)	2006 (1) (unaudited)
Oil and natural gas sales	$ 25,404	$ 10,166	$ 20,053	$ 17,975	$ 66,243	$ 48,140	$ 53,050
Production taxes	2,755	1,044	1,408	1,263	3,320	2,460	2,527
Production expenses	5,975	3,023	3,527	3,600	16,099	11,453	13,222
General and administrative expenses	4,061	5,858	6,331	6,601	8,610	6,285	6,351
Depreciation and amortization	9,766	2,947	4,098	3,273	12,972	9,213	10,019
Interest expense	(14,410)	(8,963)	(4,871)	(5,035)	(12,539)	(8,728)	(12,975)
Operating income (loss)	4,839	(2,689)	4,608	14,844	13,888	2,882	19,889
Income (loss) from continuing operations	3,751	13,256	(491)	6,076	543	(3,624)	3,990
Statement of Cash Flow Data							
Cash provided by (used in):							
Operating activities	$ 2,240	$ (14,842)	$ 5,774	$ 1,793	$ 18,359	$ 10,616	$ 25,294
Investing activities	44,520	(46)	7,422	(64,852)	(12,554)	(9,877)	(18,710)
Financing activities	(27,803)	(3,731)	(12,333)	62,116	(6,910)	(161)	938
Other Data							
Capital expenditures (2)	$ 11,349	$ 6,700	$ 5,258	$ 102,719	$ 13,526	$ 11,078	$ 21,529
EBITDA (3)	14,709	473	8,670	18,153	33,747	27,208	26,888

Balance Sheet Data	As of December 31, 2001	2002	2003	2004	2005 (1)	As of September 30, 2005 (1) (unaudited)	2006 (1) (unaudited)
Total assets	$ 98,322	$ 62,192	$ 45,908	$ 140,324	$ 143,276	$ 140,708	$ 158,157
Total debt	91,400	56,267	46,057	117,344	112,846	117,301	131,696
Stockholders deficit	(20,347)	(16,842)	(19,653)	(19,912)	(20,769)	(24,436)	(29,043)

(1) We acquired WG Energy Holdings, Inc. in December 2004.

(2) Includes costs of acquisitions.

(3) EBITDA for the twelve months ended September 30, 2006 was $33.8 million. For more information regarding our EBITDA, including a reconciliation to our net income (loss), see *Selected Consolidated Financial Data.*

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Summary Reserve Data

	As of December 31,		
	2003	2004	2005
Proved reserves:			
Oil (MBbls)	2,322	10,667	11,199
Natural gas (MMcf)	34,567	38,195	34,234
Natural gas liquids (MBbls)		2,087	1,891
Total (MBoe)	8,083	19,120	18,796
Percent proved developed	80.7%	67.9%	70.2%
Percent oil	28.7%	55.8%	59.6%
Estimated future net revenues before income taxes (in thousands)	$ 160,456	$ 434,028	$ 601,111
PV-10 Value (in thousands)	$ 104,570	$ 236,201	$ 345,501
Prices used to calculate PV-10 Value:			
Oil (per Bbl)	$ 29.25	$ 40.25	$ 58.63
Natural gas (per Mcf)	6.17	6.02	9.14
Natural gas liquids (per Bbl)		27.56	35.89

Summary Operating Data

The following tables present certain information with respect to oil and natural gas production, prices and costs attributable to our oil and natural gas properties for the three years ended December 31, 2005 and the nine months ended September 30, 2006. We acquired WG Energy in December 2004. Our operating data for 2004 includes operations of WG Energy from the date of acquisition.

	Year ended December 31,			Nine months Ended September 30,
	2003	2004	2005	2006
Production volumes:				
Oil (MBbls)	277	178	787	592
Natural gas liquids (MBbls)	5	12	170	103
Natural gas (MMcf)	2,334	1,928	2,681	1,761
Total (MBoe)	671	511	1,405	989
Average realized prices (after effect of derivative contracts):				
Oil (per Bbl)	$ 29.47	$ 33.15	$ 52.35	$ 57.46
Natural gas liquids (per Bbl)	16.94	26.41	36.33	41.89
Natural gas (Per Mcf)	5.06	5.73	5.57	6.12
Per Boe	29.89	33.77	44.38	49.68
Expenses (per Boe):				
Oil and natural gas production taxes	$ 2.10	$ 2.47	$ 2.36	$ 2.56
Oil and natural gas production expenses	5.26	7.04	11.46	13.38
Amortization of full cost pool	5.64	5.89	8.93	9.63
General and administrative	9.44	12.90	6.13	6.42

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RISK FACTORS

You should carefully consider the following risk factors, together with all of the other information included in this prospectus.

The volatility of oil and natural gas prices greatly affects our profitability.

Our revenues, operating results, profitability, future rate of growth and the carrying value of our oil and natural gas properties depend primarily upon the prevailing prices for oil and natural gas. Historically, oil and natural gas prices have been volatile and are subject to fluctuations in response to changes in supply and demand, market uncertainty and a variety of additional factors that are beyond our control. Any substantial decline in the price of oil and natural gas will likely have a material adverse effect on our operations, financial condition and level of expenditures for the development of our oil and natural gas reserves, and may result in write-downs of the carrying values of our oil and natural gas properties as a result of our use of the full cost accounting method.

Wide fluctuations in oil and natural gas prices may result from relatively minor changes in the supply of and demand for oil and natural gas, market uncertainty and other factors that are beyond our control, including:

- worldwide and domestic supplies of oil and natural gas;
- weather conditions;
- the level of consumer demand;
- the price and availability of alternative fuels;
- the availability of drilling rigs and completion equipment;
- the availability of pipeline capacity;
- the price and volume of foreign imports;
- domestic and foreign governmental regulations and taxes;
- the ability of the members of the Organization of Petroleum Exporting Countries to agree to and maintain oil price and production controls;
- political instability or armed conflict in oil-producing regions; and
- the overall economic environment.

These factors and the volatility of the energy markets make it extremely difficult to predict future oil and natural gas price movements with any certainty. Declines in oil and natural gas prices would not only reduce revenue, but could reduce the amount of oil and natural gas that we can produce economically and, as a result, could have a material adverse effect on our financial condition, results of operations and reserves.

Our success depends on acquiring or finding additional reserves.

Our future success depends upon our ability to find, develop or acquire additional oil and natural gas reserves that are economically recoverable. Our proved reserves will generally decline as reserves are produced, except to the extent that we conduct successful exploration or development activities or acquire

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properties containing proved reserves, or both. To increase reserves and production, we must commence exploratory drilling, undertake other replacement activities or utilize third parties to accomplish these activities. There can be no assurance, however, that we will have sufficient resources to undertake these actions, that our exploratory projects or other replacement activities will result in significant additional reserves or that we will succeed in drilling productive wells at low finding and development costs. Furthermore, although our revenues may increase if prevailing oil and natural gas prices increase significantly, our finding costs for additional reserves could also increase.

In accordance with customary industry practice, we rely in part on independent third party service providers to provide most of the services necessary to drill new wells, including drilling rigs and related equipment and services, horizontal drilling equipment and services, trucking services, tubular goods, fracing and completion services and production equipment. The oil and natural gas industry has experienced significant volatility in cost for these services in recent years and this trend is expected to continue into the future. Any future cost increases could significantly increase our development costs and decrease the return possible from drilling and development activities, and possibly render the development of certain proved undeveloped reserves uneconomical.

Estimates of oil and natural gas reserves are uncertain and may vary substantially from actual production.

There are numerous uncertainties inherent in estimating quantities of proved reserves and in projecting future rates of production and timing of expenditures, including many factors beyond our control. Petroleum engineering is not an exact science. Information relating to our proved oil and natural gas reserves is based upon engineering estimates. Estimates of economically recoverable oil and natural gas reserves and of future net cash flows necessarily depend upon a number of variable factors and assumptions, such as historical production from the area compared with production from other producing areas, future site restoration and abandonment costs, the assumed effects of regulations by governmental agencies and assumptions concerning future oil and natural gas prices, future operating costs, severance and excise taxes, capital expenditures and workover and remedial costs, all of which may in fact vary considerably from actual results. For these reasons, estimates of the economically recoverable quantities of 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 at different times may vary substantially. Actual production, revenues and expenditures with respect to our reserves will likely vary from estimates, and such variances may be material.

We expect to obtain a substantial portion of our funds for the drilling and development of our oil and natural gas properties through borrowings. If such funds were not available to us, or if the terms upon which such funds would be available to us were unfavorable, the further development of our oil and natural gas reserves, and our financial condition and results of operations, could be adversely affected.

We expect to fund a substantial portion of our future leasehold acquisitions and our drilling and development operations with borrowed funds. To the extent such funds are not available to us at all, or if the terms under which such funds would be available to us would be unfavorable, the further development of our oil and natural gas reserves could be adversely impacted and we could be limited as to the amount of additional leasehold acreage we could acquire. In such events, we may be unable to replace our reserves of oil and natural gas which, subsequently, could adversely affect our financial condition and results of operations.

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Operating hazards and uninsured risks may result in substantial losses.

Our operations are subject to all of the hazards and operating risks inherent in drilling for, and the production of, oil and natural gas, including the risk of fire, explosions, blow-outs, pipe failure, abnormally pressured formations and environmental hazards such as oil spills, gas leaks, ruptures or discharges of toxic gases. The occurrence of any of these events could result in substantial losses to us due to injury or loss of life, severe damage to or destruction of property, natural resources and equipment, pollution or other environmental damage, clean-up responsibilities, regulatory investigation and penalties and suspension of operations. In accordance with customary industry practice, we maintain insurance against some, but not all, of these risks. There can be no assurance that any insurance will be adequate to cover any losses or liabilities. We cannot predict the continued availability of insurance, or its availability at premium levels that justify its purchase. In addition, we may be liable for environmental damage caused by previous owners of properties purchased by us, which liabilities would not be covered by our insurance.

Several of our subsidiaries are defendants in a pending class action suit alleging the underpayment of oil and natural gas royalties. If our subsidiaries were ultimately determined to be liable, the amount of the judgment could adversely affect our financial condition.

Several of our subsidiaries are named defendants in a pending class action suit in which the plaintiffs are seeking monetary damages for our alleged underpayment of oil and natural gas royalties. The plaintiffs seek unspecified damages for alleged breach of contract, alleged tortious breach of implied covenants and alleged breach of fiduciary duty, together with punitive damages and other equitable relief. The aggregate dollar amount of the damages sought by the plaintiffs has not yet been calculated. If the amount of any damages ultimately awarded to the plaintiffs were material, it could adversely affect our financial condition. For a further discussion of this litigation, please see *Business and Properties Legal Proceedings* appearing elsewhere in this prospectus.

Our operations are subject to various governmental regulations that require compliance that can be burdensome and expensive.

Our operations are subject to various federal, state and local governmental regulations that may be changed from time to time in response to economic and political conditions. Matters subject to regulation include discharge from 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 oil and natural gas wells below actual production capacity to conserve supplies of oil and natural gas. In addition, the production, handling, storage, transportation and disposal of oil and natural gas, by-products thereof and other substances and materials produced or used in connection with oil and natural gas operations are subject to regulation under federal, state and local laws and regulations primarily relating to protection of human health and the environment. These laws and regulations have continually imposed increasingly strict requirements for water and air pollution control and solid waste management, and compliance with these laws may cause delays in the additional drilling and development of our properties. Significant expenditures may be required to comply with governmental laws and regulations applicable to us. We believe the trend of more expansive and stricter environmental legislation and regulations will continue. While historically we have not experienced any material adverse effect from regulatory delays, there can be no assurance that such delays will not occur in the future.

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Our method of accounting for investments in oil and natural gas properties may result in impairment of asset value, which could affect our stockholder equity and net profit or loss.

We use the full cost method of accounting for our investment in oil and natural gas properties. Under the full cost method of accounting, all costs of acquisition, exploration and development of oil and natural gas reserves are capitalized into a full cost pool. Capitalized costs in the pool are amortized and charged to operations using the units-of-production method based on the ratio of current production to total proved oil and natural gas reserves. To the extent that such capitalized costs, net of amortization, exceed the present value of our proved oil and natural gas reserves (using a 10% discount rate) at any reporting date, such excess costs are charged to operations. Although we have never incurred a write down of the value of oil and natural gas properties, if a writedown is incurred, it is not reversible at a later date, even if the present value of our proved oil and natural gas reserves increases as a result of an increase in oil or natural gas prices.

Properties that we acquire may not produce as projected, and we may be unable to identify liabilities associated with the properties or obtain protection from sellers against them.

As part of our business strategy, we continually seek acquisitions of oil and natural gas properties. Our most recent significant acquisition, which closed in December 2004, was our purchase of WG Energy Holdings, Inc. The successful acquisition of oil and natural gas properties requires assessment of many factors, which are inherently inexact and may be inaccurate, including the following:

- future oil and natural gas prices;
- the amount of recoverable reserves;
- future operating costs;
- future development costs;
- failure of titles to properties;
- costs and timing of plugging and abandoning wells; and
- potential environmental and other liabilities.

Our assessment will not necessarily reveal all existing or potential problems, nor will it permit us to become familiar enough with the properties to assess fully their capabilities and deficiencies. With respect to properties on which there is current production, we may not inspect every well location, every potential well location, or pipeline in the course of our due diligence. Inspections may not reveal structural and environmental problems such as pipeline corrosion or groundwater contamination. We may not be able to obtain or recover on contractual indemnities from the seller for liabilities that it created. We may be required to assume the risk of the physical condition of the properties in addition to the risk that the properties may not perform in accordance with our expectations.

We face extensive competition in our industry.

We operate in a highly competitive environment. We compete with major and independent oil and natural gas companies, many of whom have financial and other resources substantially in excess of those available to us. These competitors may be better positioned to take advantage of industry opportunities and to withstand changes affecting the industry, such as fluctuations in oil and natural gas prices and production, the availability of alternative energy sources and the application of government regulation.

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Risk Related to Our Common Stock

Purchasers in this offering will experience immediate and substantial dilution in the book value of their investment.

Purchasers of our common stock in this offering will experience an immediate, substantial dilution of $5.19 per share of common stock (based on an assumed offering price of $5.51, the last sale price of our common stock as reported on The Nasdaq Capital Market on December 29, 2006) because the price per share of common stock in this offering is substantially higher than the net tangible book value of each share of common stock outstanding immediately after this offering. Our net tangible book value as of September 30, 2006 on a pro forma basis after giving effect to this offering and the application of proceeds from such offering is approximately $13.6 million, or $0.32 per share of common stock. In addition, purchasers may experience further dilution from issuances of shares of our common stock in the future. See *Dilution.*

We do not currently pay dividends on our common stock and do not anticipate doing so in the future.

Prior to consummation of the merger, RAM Energy regularly paid cash dividends to its stockholders. We intend to retain any future earnings to fund our operations. Therefore, we do not anticipate paying any cash dividends on our common stock in the foreseeable future.

A substantial number of shares of our common stock will be available for sale in the future, which may increase the volume of common stock available for sale in the open market and may cause a decline in the market price of our common stock.

Sales of a substantial number of shares of our common stock in the public market, or the perception that these sales may occur, could cause the market price of our common stock to decline. We issued 25,600,000 shares of our common stock in connection with our acquisition of RAM Energy. These shares were not registered under the Securities Act of 1933, and their resale is restricted. All of such shares are subject to a lock-up agreement and cannot be sold publicly until the expiration of the restricted periods set out in the lock-up agreement (a maximum of one year after May 8, 2006) and under Rule 144 promulgated under the Securities Act of 1933. However, the holders of such shares have certain registration rights and will be able to sell their shares in the public market prior to such times if registration is effected. The presence of this additional number of shares of common stock eligible for trading in the public market may have an adverse effect on the market price of our common stock.

Voting control by our executive officers, directors and other affiliates may limit your ability to influence the outcome of director elections and other matters requiring stockholder approval.

Persons who beneficially own approximately 80% (57% after giving effect to the completion of this offering) of our outstanding common stock are parties to a voting agreement. These persons have agreed to vote for each other s designees to our board of directors through director elections in 2008. Accordingly, they will be able to control the election of directors and, therefore, our policies and direction during the term of the voting agreement. This concentration of voting power could have the effect of delaying or preventing a change in our control or discouraging a potential acquirer from attempting to obtain control of us, which in turn could have a material adverse effect on the market price of our common stock or prevent our stockholders from realizing a premium over the market price for their shares of common stock.

You may experience dilution of your ownership interests due to the future issuance of additional shares of our common stock, which could have an adverse effect on our stock price.

We may in the future issue our previously authorized and unissued securities, resulting in the dilution of the ownership interests of our present stockholders and purchasers of common stock offered hereby. We

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are currently authorized to issue 100.0 million shares of common stock and one million shares of preferred stock with such designations, preferences and rights as determined by our board of directors. As of the date of this prospectus, we had outstanding 33,439,530 shares of common stock, warrants to purchase 12,650,000 shares of our common stock and an agreement to issue 825,000 shares of our common stock upon the exercise of currently exercisable options to purchase 275,000 units, each unit consisting of one share of common stock and two warrants, each warrant to purchase one share of our common stock. These warrants when issued will be immediately exercisable. In addition, we have reserved an additional 1,423,195 shares for future issuance to employees as restricted stock or stock option awards pursuant to our 2006 Long-Term Incentive Plan. The potential issuance of such additional shares of common stock may create downward pressure on the trading price of our common stock. We may also issue additional shares of our common stock or other securities that are convertible into or exercisable for common stock in connection with the hiring of personnel, future acquisitions, future issuances of our securities for capital raising purposes or for other business purposes. Future sales of substantial amounts of our common stock, or the perception that sales could occur, could have a material adverse effect on the price of our common stock.

Certain provisions of Delaware law, our certificate of incorporation and bylaws could hinder, delay or prevent a change in control of our company, which could adversely affect the price of our common stock.

Certain provisions of Delaware law, our certificate of incorporation and bylaws could have the effect of discouraging, delaying or preventing transactions that involve an actual or threatened change in control of our company. Delaware law imposes restrictions on mergers and other business combinations between us and any holder of 15% or more of our outstanding common stock. In addition, our certificate of incorporation and bylaws include the following provisions:

Classified Board of Directors. Our board of directors is divided into three classes with staggered terms of office of three years each. The classification and staggered terms of office of our directors make it more difficult for a third party to gain control of our board of directors. At least two annual meetings of stockholders, instead of one, generally would be required to effect a change in a majority of the board of directors.

Removal of Directors. Under Delaware law, directors that serve on a classified board, such as our directors, may be removed only for cause by the affirmative vote of the holders of at least a majority of the voting power of the outstanding shares of our capital stock.

Number of Directors, Board Vacancies, Term of Office. Our certificate of incorporation and our bylaws provide that only the board of directors may set the number of directors. We have elected to be subject to certain provisions of Delaware law which vest in the board of directors the exclusive right, by the affirmative vote of a majority of the remaining directors, to fill vacancies on the board even if the remaining directors do not constitute a quorum. When effective, these provisions of Delaware law, which are applicable even if other provisions of Delaware law or the charter or bylaws provide to the contrary, also provide that any director elected to fill a vacancy shall hold office for the remainder of the full term of the class of directors in which the vacancy occurred, rather than the next annual meeting of stockholders as would otherwise be the case, and until his or her successor is elected and qualifies.

Advance Notice Provisions for Stockholder Nominations and Proposals. Our bylaws require advance written notice for stockholders to nominate persons for election as directors at, or to bring other business before, any meeting of stockholders. This bylaw provision limits the ability of stockholders to make nominations of persons for election as directors or to introduce other proposals unless we are notified in a timely manner prior to the meeting.

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Amending the Bylaws. Our certificate of incorporation permits our board of directors to adopt, alter or repeal any provision of the bylaws or to make new bylaws. Our certificate of incorporation also provides that our bylaws may be amended by the affirmative vote of the holders of at least 80% of the voting power of the outstanding shares of our capital stock.

Authorized but Unissued Shares. Under our certificate of incorporation, our board of directors has authority to cause the issuance of preferred stock from time to time in one or more series and to establish the terms, preferences and rights of any such series of preferred stock, all without approval of our stockholders. Nothing in our certificate of incorporation precludes future issuances without stockholder approval of the authorized but unissued shares of our common stock.

We could issue additional preferred stock which could be entitled to dividend, liquidation and other special rights and preferences not shared by holders of our common stock or which could have anti-takeover effects.

We are authorized to issue up to one million shares of preferred stock, which shares may be issued from time to time in one or more series as our board of directors, by resolution or resolutions, may from time to time determine. The voting powers, preferences and relative, participating, optional and other special rights, and the qualifications, limitations or restrictions thereof, if any, of each such series of our preferred stock may differ from those of any and all other series of preferred stock at any time outstanding, and, subject to certain limitations of the our certificate of incorporation and Delaware law, our board of directors may fix or alter, by resolution or resolutions, the designation, number, voting powers, preferences and relative, participating, optional and other special rights, and qualifications, limitations and restrictions thereof, of each such series of our preferred stock. The issuance of any such preferred stock could materially adversely affect the rights of holders of our common stock and, therefore, could reduce the value of our common stock.

In addition, specific rights granted to future holders of preferred stock could be used to restrict our ability to merge with, or sell our assets to, a third party. The ability of our board of directors to issue preferred stock could discourage, delay or prevent a takeover of us, thereby preserving our control by the current stockholders.

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USE OF PROCEEDS

We estimate that our net proceeds from the sale of the shares of common stock that we are offering will be approximately $46.0 million. If the underwriters fully exercise the over-allotment option, the net proceeds of the shares we sell will be approximately $55.1 million. Net proceeds are what we expect to receive after paying the underwriting discounts and the other estimated expenses of this offering. For the purpose of estimating net proceeds, we are assuming that the offering price will be $5.51 per share, which is the closing price of our common stock on the Nasdaq Capital Market on December 29, 2006. We will not receive any proceeds from the sale of shares by the selling stockholder.

We intend to use the net proceeds of this offering to repurchase all of our outstanding 11 1/2% senior notes ($28.4 million principal amount plus a $1.1 million charge related to a prepayment premium) and to reduce the outstanding balance under our revolving credit facility ($13.0 million outstanding at December 31, 2006). The remainder of the net proceeds of this offering will be used for working capital and other corporate purposes. We expect to repurchase our 11 1/2% senior notes on or after February 15, 2007 at 103.84% of the stated principal amount.

The following table illustrates our expected use of the net proceeds of this offering (in millions). To the extent the several underwriters exercise their over-allotment option, the proceeds derived from those exercises will be added to our working capital and used for general corporate purposes:

Repurchase of 11 ½% senior notes	$ 29.5
Repayment of existing revolving credit facility	13.0
General corporate purposes	4.1
Total	$ 46.0

Our revolving credit facility matures in 2010 and our term facility matures in 2011. At December 31, 2006, the interest rate on borrowings outstanding under our revolving credit facility was 7.4% per annum and under our term facility was 11.1% per annum. Borrowings under our credit facility have been used primarily for acquisition and development of our oil and natural gas properties, working capital and general corporate purposes. Please read *Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources* for additional information about our credit facility and our 11 1/2% senior notes.

Until we use the proceeds from this offering, we will invest the funds in short-term, investment grade, interest-bearing securities.

DIVIDEND POLICY

Prior to the consummation of the merger, RAM Energy regularly paid cash dividends to its stockholders. We have paid no dividends since the date of the merger. We currently intend to retain all of our earnings to finance our operations, repay indebtedness and fund our future growth. We do not expect to pay any dividends on our common stock for the foreseeable future. In addition, covenants contained in the instruments governing our credit facility limit our ability to pay dividends on our common stock. See *Management s Discussion and Analysis of Financial Condition and Results of Operation Liquidity and Capital Resources.*

DILUTION

The net tangible book value of our issued and outstanding common stock at September 30, 2006, was $(32.4) million, or $(0.99) per share, based on the number of shares of our common stock outstanding at

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September 30, 2006. After giving effect, as of that date, to our sale of 9,074,411 shares of common stock at an estimated price of $5.51 per share and the receipt by us of approximately $46.0 million in net proceeds from this offering, the pro forma net tangible book value would have been $13.6 million, or $0.32 per share of common stock. This amount represents an immediate increase in net tangible book value per share of $1.31 to existing stockholders and immediate dilution of $5.19 in net tangible book value per share to persons purchasing shares of common stock at an estimated price of $5.51 per share. The following table illustrates this dilution on a per share basis:

Estimated per share offering price	$ 5.51
Net tangible book value per share at September 30, 2006 (1)	$ (0.99)
Increase attributable to sale of shares of common stock (2)	$ 1.31
Pro forma net tangible book value per share after the offering (2)	$ 0.32
Dilution in net tangible book value per share to new investors (2) (3)	$ 5.19

(1) Net tangible book value per share of common stock is determined by dividing our tangible net worth (total tangible assets ($154.8 million) less total liabilities ($187.2 million)) by the number of shares of common stock outstanding.

(2) After deducting estimated expenses of this offering payable by us.

(3) Dilution is determined by subtracting net tangible book value per share of common stock after the offering from the offering price per share.

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CAPITALIZATION

The following table shows our capitalization on September 30, 2006 and our capitalization on September 30, 2006, as adjusted to give effect to the completion of this offering at an assumed offering price of $5.51 per share and the use of the net proceeds as described under Use of Proceeds.

	Actual	As Adjusted
	(in thousands)	
Cash and cash equivalents	$ 7,592	$ 11,106
Current portion of long-term debt	$ 194	$ 194
Long-term debt, less current portion	$ 131,502	$ 90,106
Stockholders equity (deficit):		
Preferred stock, $0.0001 par value, 1,000,000 shares authorized; no shares issued or outstanding	$	$
Common stock, $0.0001 par value, 100,000,000 shares authorized; 32,792,725 shares issued and outstanding, actual; 41,867,136 shares issued and outstanding, as adjusted	3	4
Additional paid-in capital	2,218	48,217
Treasury stock	(3,768)	(3,768)
Accumulated deficit	(27,496)	(28,530)
Total stockholders equity (deficit)	$ (29,043)	$ 15,923
Total capitalization	$ 102,459	$ 106,029

The shares of common stock issued and outstanding do not include approximately 12,650,000 shares reserved for issuance upon the exercise of outstanding warrants and 825,000 shares of our common stock issuable upon the exercise of currently exercisable options to purchase 275,000 units, each unit consisting of one share of our common stock and warrants to purchase two shares of our common stock; an aggregate of 1,423,195 shares remaining reserved for issuance upon the exercise of options that may be granted by us or awards that may be made under our 2006 Long-Term Incentive Plan; 646,805 shares of common stock issued as restricted stock awards on November 10, 2006 under our 2006 Long-Term Incentive Plan; and a maximum of 1,769,510 shares issuable to the underwriters upon exercise of their over-allotment option.

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SELECTED CONSOLIDATED FINANCIAL DATA

We are providing the following selected financial information to assist you in your analysis of our financial condition and results of operations. We acquired RAM Energy effective May 8, 2006, by the merger of our recently formed, wholly owned subsidiary with and into RAM Energy. See *Prospectus Summary Recent Events* for a description of the merger. For accounting and financial reporting purposes, the merger was accounted for under the purchase method of accounting as a reverse acquisition and, in substance, as a capital transaction, because Tremisis had no active business operations prior to consummation of the merger. Accordingly, for accounting and financial reporting purposes, the merger was treated as the equivalent of RAM Energy issuing stock for the net monetary assets of Tremisis accompanied by a recapitalization. The net monetary assets of Tremisis have been stated at their fair value, essentially equivalent to historical costs, with no goodwill or other intangible assets recorded. The accumulated deficit of RAM Energy has been carried forward. Operations prior to the merger are those of RAM Energy.

Our consolidated balance sheet data as of December 31, 2004 and 2005 and our consolidated statement of operations data for the years ended December 31, 2003, 2004 and 2005 are derived from RAM Energy s consolidated financial statements audited by UHY Mann Frankfort Stein & Lipp CPAs, LLP, independent registered public accountants, and are included elsewhere in this prospectus. The consolidated balance sheet data as of December 31, 2003 and the consolidated statement of operations data for the year ended December 31, 2002 are derived from RAM Energy s consolidated financial statements audited by UHY Mann Frankfort Stein & Lipp CPAs, LLP, independent registered public accountants, which are not included in this prospectus. The consolidated balance sheet data of RAM Energy as of December 31, 2001 and 2002 and the consolidated statement of operations data for the year ended December 31, 2001 are derived from RAM Energy s unaudited consolidated financial statements, which are not included in this prospectus.

The selected consolidated financial information presented below should be read in conjunction with the historical consolidated financial statements of each of RAM Energy and Tremisis and the related notes, and *Management s Discussion and Analysis of Financial Condition and Results of Operations* contained elsewhere in this prospectus. The historical results included below and elsewhere in this prospectus may not be indicative of our future performance. RAM Energy s financial position and results of operations for 2003, 2004 and 2005 may not be comparative to other periods as a result of certain divestitures and acquisitions, as more fully described in RAM Energy s financial statements included elsewhere in this prospectus.

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Selected Consolidated Financial Data

(in thousands, except share data)

	Year Ended December 31,					Nine Months Ended September 30, (unaudited)	
	2001	2002	2003	2004	2005 (1)	2005 (1)	2006 (1)
Revenues and Other Operating Income:							
Oil and natural gas sales	$ 25,404	$ 10,166	$ 20,053	$ 17,975	$ 66,243	$ 48,140	$ 53,050
Pipeline system	15,602						
Gain on sale of subsidiary				12,139			
Other	210	163	170	338	851	983	466
Realized and unrealized gains (losses) from derivatives		(146)	(203)	(793)	(11,695)	(16,613)	1,108
Total revenues and other operating income	41,216	10,183	20,020	29,659	55,399	32,510	54,624
Operating Expenses:							
Oil and natural gas production taxes	2,755	1,044	1,408	1,263	3,320	2,460	2,527
Oil and natural gas production expenses	5,975	3,023	3,527	3,600	16,099	11,453	13,222
Pipeline purchases	12,227						
Pipeline operations	489						
Depreciation and amortization	9,766	2,947	4,098	3,273	12,972	9,213	10,019
Accretion expense			48	78	510	217	398
Contract termination and severance payments	1,104						
Share-based compensation							2,218
General and administrative, net of operator s overhead fees	4,061	5,858	6,331	6,601	8,610	6,285	6,351
Total operating expenses	36,377	12,872	15,412	14,815	41,511	29,628	34,735
Operating income (loss)	4,839	(2,689)	4,608	14,844	13,888	2,882	19,889
Other Income (Expense):							
Gain on early extinguishment of debt		32,883					
Gain on sale of oil and natural gas properties	17,320						
Interest expense	(14,514)	(9,240)	(4,912)	(5,070)	(12,614)	(8,769)	(13,213)
Interest income	104	277	41	35	75	41	238
Income (Loss) from Continuing Operations Before Income Taxes and Extraordinary Item	7,749	21,231	(263)	9,809	1,349	(5,846)	6,914
Income Tax Provision (Benefit)	2,900	7,975	228	3,733	806	(2,222)	2,924
Income (Loss) from Continuing Operations Before Extraordinary Item	4,849	13,256	(491)	6,076	543	(3,624)	3,990
Extraordinary loss on acquisition of debt, net of income tax benefit of $674	(1,098)						
Income (Loss) from Continuing Operations	3,751	13,256	(491)	6,076	543	(3,624)	3,990

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Selected Consolidated Financial Data (continued)

(in thousands, except share data)

	Year Ended December 31,					Nine Months Ended September 30,	
	2001	2002	2003	2004	2005 (1)	2005 (1)	2006 (1)
						(unaudited)	
Discontinued operations:							
Loss from discontinued operations		(18,016)	(1,723)				
Income tax benefit		(6,846)	(655)				
Loss from discontinued operations		(11,170)	(1,068)				
Income (loss) before cumulative effect of change in accounting principle	3,751	2,086	(1,559)	6,076	543	(3,624)	3,990
Cumulative effect of change in accounting principle (net of tax benefit of $275)			(448)				
Net income (loss)	$ 3,751	$ 2,086	$ (2,007)	$ 6,076	$ 543	$ (3,624)	$ 3,990
Net income (loss) per share attributable to common stockholders basic							
Income (loss) from continuing operations before extraordinary item	$ 1.78	$ 4,861.01	$ (180.05)	$ 2,383.67	$ 238.94	$ (0.47)	$ 0.19
Extraordinary loss	(0.40)						
Loss from discontinued operations		(4,096.08)	(391.64)				
Cumulative effect of change in accounting principle			(164.28)				