

RAM ENERGY RESOURCES INC

Form 10-Q

May 04, 2010

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2010

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 000-50682

RAM Energy Resources, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation
or organization)

1311

(Primary Standard Industrial
Classification Code Number)

20-0700684

(I.R.S. Employer Identification
Number)

5100 East Skelly Drive, Suite 650, Tulsa, OK 74135

(Address of principal executive offices)

(918) 663-2800

(Registrant's telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding twelve months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

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 the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer

Non-Accelerated Filer (Do not check if a smaller reporting company)

Accelerated Filer

Smaller Reporting
Company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

At May 1, 2010, 78,128,753 shares of the Registrant's Common Stock were outstanding.

First Quarter 2010 Form 10-Q Report
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Table of Contents**ITEM 1 FINANCIAL STATEMENTS**

RAM Energy Resources, Inc.
Condensed Consolidated Balance Sheets
(in thousands, except share and per share amounts)

	March 31, 2010 (unaudited)	December 31, 2009
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 101	\$ 129
Accounts receivable:		
Oil and natural gas sales, net of allowance of \$50 (\$50 at December 31, 2009)	12,473	12,585
Joint interest operations, net of allowance of \$606 (\$641 at December 31, 2009)	525	1,303
Other, net of allowance of \$48 (\$48 at December 31, 2009)	243	193
Prepaid expenses	1,835	1,970
Deferred tax asset	3,612	3,531
Inventory	3,762	3,900
Other current assets	29	27
Total current assets	22,580	23,638
PROPERTIES AND EQUIPMENT, AT COST:		
Proved oil and natural gas properties and equipment, using full cost accounting	709,901	702,502
Other property and equipment	9,509	9,337
	719,410	711,839
Less accumulated depreciation, amortization and impairment	(469,177)	(462,541)
Total properties and equipment	250,233	249,298
OTHER ASSETS:		
Deferred tax asset	29,938	31,573
Derivative assets	783	
Deferred loan costs, net of accumulated amortization of \$3,446 (\$2,924 at December 31, 2009)	4,175	4,697
Other	1,955	1,956
Total assets	\$ 309,664	\$ 311,162
LIABILITIES AND STOCKHOLDERS EQUITY (DEFICIT)		
CURRENT LIABILITIES:		
Accounts payable:		
Trade	\$ 12,546	\$ 15,697
Oil and natural gas proceeds due others	9,841	10,113
Other	409	636
Accrued liabilities:		
Compensation	1,774	2,664
Interest	2,935	2,933
Income taxes	832	655

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Other	10	10
Derivative liabilities	3,655	4,471
Asset retirement obligations	713	711
Long-term debt due within one year	149	126
Total current liabilities	32,864	38,016
DERIVATIVE LIABILITIES		358
LONG-TERM DEBT	246,880	246,041
ASSET RETIREMENT OBLIGATIONS	26,778	26,363
OTHER LONG-TERM LIABILITIES	10	10
COMMITMENTS AND CONTINGENCIES	900	900
STOCKHOLDERS EQUITY (DEFICIT):		
Common stock, \$0.0001 par value, 100,000,000 shares authorized, 82,086,674 and 80,748,674, shares issued, 78,128,753 and 76,951,883 shares outstanding at March 31, 2010 and December 31, 2009, respectively	8	8
Additional paid-in capital	223,643	222,979
Treasury stock - 3,957,921 shares (3,796,791 shares at December 31,2009) at cost	(6,513)	(6,189)
Accumulated deficit	(214,906)	(217,324)
Stockholders equity (deficit)	2,232	(526)
Total liabilities and stockholders equity (deficit)	\$ 309,664	\$ 311,162

The accompanying notes are an integral part of these condensed consolidated financial statements.

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RAM Energy Resources, Inc.
Condensed Consolidated Statements of Operations
(in thousands, except share and per share amounts)
(unaudited)

	Three months ended March 31,	
	2010	2009
REVENUES AND OTHER OPERATING INCOME:		
Oil and natural gas sales		
Oil	\$ 19,488	\$ 11,258
Natural gas	6,429	6,050
NGLs	3,931	1,748
Total oil and natural gas sales	29,848	19,056
Realized gains (losses) on derivatives	(898)	7,878
Unrealized gains (losses) on derivatives	1,935	(1,007)
Other	36	85
Total revenues and other operating income	30,921	26,012
OPERATING EXPENSES:		
Oil and natural gas production taxes	1,594	872
Oil and natural gas production expenses	7,920	10,085
Depreciation and amortization	6,714	8,282
Accretion expense	382	404
Impairment		47,613
Share-based compensation	686	541
General and administrative, overhead and other expenses, net of operator s overhead fees	3,770	4,345
Total operating expenses	21,066	72,142
Operating income (loss)	9,855	(46,130)
OTHER INCOME (EXPENSE):		
Interest expense	(5,635)	(3,608)
Interest income	2	20
Other expense	(9)	(433)
EARNINGS (LOSS) BEFORE INCOME TAXES	4,213	(50,151)
INCOME TAX PROVISION (BENEFIT)	1,795	(20,793)
Net earnings (loss)	\$ 2,418	\$ (29,358)
BASIC EARNINGS (LOSS) PER SHARE	\$ 0.03	\$ (0.38)
BASIC WEIGHTED AVERAGE SHARES OUTSTANDING	77,997,063	77,290,832

DILUTED EARNINGS (LOSS) PER SHARE	\$ 0.03	\$ (0.38)
DILUTED WEIGHTED AVERAGE SHARES OUTSTANDING	77,997,063	77,290,832

The accompanying notes are an integral part of these condensed consolidated financial statements.

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RAM Energy Resources, Inc.
Condensed Consolidated Statements of Cash Flows
(in thousands)
(unaudited)

	Three months ended March	
	2010	31, 2009
OPERATING ACTIVITIES:		
Net income (loss)	\$ 2,418	\$ (29,358)
Adjustments to reconcile net income (loss) to net cash provided by operating activities-		
Depreciation and amortization	6,714	8,282
Amortization of deferred loan costs and Senior Notes discount	522	299
Non-cash interest	765	
Accretion expense	382	404
Impairment		47,613
Unrealized (gain) loss on derivatives and premium amortization	(967)	1,290
Deferred income tax provision (benefit)	1,554	(20,785)
Share-based compensation	686	541
Gain on disposal of other property, equipment and subsidiary	(23)	(15)
Changes in operating assets and liabilities		
Accounts receivable	840	1,756
Prepaid expenses, inventory and other assets	272	832
Derivative premiums	(990)	(579)
Accounts payable and proceeds due others	(3,650)	(4,944)
Accrued liabilities and other	(888)	(1,903)
Income taxes payable	177	(156)
Asset retirement obligations		(112)
Total adjustments	5,394	32,523
Net cash provided by operating activities	7,812	3,165
INVESTING ACTIVITIES:		
Payments for oil and natural gas properties and equipment	(7,821)	(13,258)
Proceeds from sales of oil and natural gas properties	458	210
Payments for other property and equipment	(254)	(127)
Proceeds from sales of other property and equipment	4	23
Net cash used in investing activities	(7,613)	(13,152)
FINANCING ACTIVITIES:		
Payments on long-term debt	(10,034)	(5,042)
Proceeds from borrowings on long-term debt	10,131	15,000
Stock repurchased	(324)	(6)
Net cash (used in) provided by financing activities	(227)	9,952

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DECREASE IN CASH AND CASH EQUIVALENTS	(28)	(35)
CASH AND CASH EQUIVALENTS, beginning of period	129	164
CASH AND CASH EQUIVALENTS, end of period	\$ 101	\$ 129
SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for income taxes	\$ 64	\$ 149
Cash paid for interest	\$ 4,347	\$ 3,450
DISCLOSURE OF NON CASH INVESTING AND FINANCING ACTIVITIES:		
Asset retirement obligations	\$ 35	\$ 1,002
Payment-in-kind interest	\$ 765	\$

The accompanying notes are an integral part of these condensed consolidated financial statements.

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RAM Energy Resources, Inc.

Notes to unaudited condensed consolidated financial statements

A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ORGANIZATION AND BASIS OF PRESENTATION

1. *Basis of Financial Statements*

The accompanying unaudited condensed consolidated financial statements present the financial position at March 31, 2010 and December 31, 2009 and the results of operations and cash flows for the three month period ended March 31, 2010 and 2009 of RAM Energy Resources, Inc. and its subsidiaries (the Company). These condensed consolidated financial statements include all adjustments, consisting of normal and recurring adjustments, which, in the opinion of management, are necessary for a fair presentation of the financial position and the results of operations for the indicated periods. The results of operations for the three months ended March 31, 2010 are not necessarily indicative of the results to be expected for the full year ending December 31, 2010. Reference is made to the Company's consolidated financial statements for the year ended December 31, 2009 included in the Company's Annual Report on Form 10-K, for an expanded discussion of the Company's financial disclosures and accounting policies.

2. *Nature of Operations and Organization*

The Company operates exclusively in the upstream segment of the oil and gas industry with activities including the drilling, completion, and operation of oil and gas wells. The Company conducts the majority of its operations in the states of Texas, Louisiana and Oklahoma.

3. *Use of Estimates*

The preparation of financial statements in conformity with accounting principles, generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions that, in the opinion of management of the Company, are significant include oil and natural gas reserves, amortization relating to oil and natural gas properties, asset retirement obligations, contingent litigation settlements, derivative instrument valuations and income taxes. The Company evaluates its estimates and assumptions on a regular basis. Estimates are based on historical experience and various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates used in preparation of the Company's financial statements. In addition, alternatives can exist among various accounting methods. In such cases, the choice of accounting method can have a significant impact on reported amounts.

Table of Contents**4. Earnings (loss) per Common Share**

Basic earnings (loss) per share are computed by dividing net income or loss by the weighted average number of common shares outstanding for the period. Diluted earnings (loss) per share reflect the potential dilution that could occur if dilutive stock unit options were exercised, calculated using the treasury stock method. A reconciliation of net income (loss) and weighted average shares used in computing basic and diluted net income (loss) per share is as follows for the three months ended March 31 (in thousands, except share and per share amounts):

	Three months ended March 31,	
	2010	2009
Net income (loss)	\$ 2,418	\$ (29,358)
Weighted average shares basic	77,997,063	77,290,832
Dilutive effect of unit options		
Weighted average shares dilutive	77,997,063	77,290,832
Basic earnings (loss) per share	\$ 0.03	\$ (0.38)
Diluted earnings (loss) per share	\$ 0.03	\$ (0.38)

5. Subsequent Events

The Company evaluates events and transactions that occur after the balance sheet date but before the financial statements are filed with the U.S. Securities and Exchange Commission (SEC).

6. New Accounting Pronouncements

In January 2009, the FASB issued guidance on fair value disclosures to enhance disclosures surrounding the transfers of assets in and out of level 1 and level 2, to present more detail surrounding asset activity for level 3 assets and to clarify existing disclosure requirements. The new guidance is set forth in Topic 820 of the Codification and was effective for the Company beginning January 1, 2010. Adoption of the guidance in the first quarter of 2010 did not impact the Company's financial position or results of operations.

In May 2009, the FASB issued authoritative guidance on subsequent events, which establishes general standards of accounting for and disclosure of events that occur after the balance sheet date, but before the financial statements are issued or available to be issued. The guidance is set forth in Topic 855 of the Codification and was effective for fiscal years and interim periods after June 15, 2009. Adoption of the guidance in the second quarter of 2009 did not impact the Company's financial position or results of operations. However, in February 2010, the FASB amended the guidance to remove the requirement to disclose the date through which subsequent events were evaluated.

B PROPERTIES AND EQUIPMENT

Under the full cost method of accounting, the net book value of oil and natural gas properties, less related deferred income taxes, may not exceed the estimated after-tax future net revenues from proved oil and natural gas properties, discounted at 10% (the Ceiling Limitation). In arriving at estimated future net revenues, estimated lease operating expenses, development costs, and certain production-related and ad valorem taxes are deducted. In calculating future net revenues, prices and costs are held constant indefinitely, except for changes that are fixed and determinable by existing contracts. The net book value is compared to the Ceiling Limitation on a quarterly and yearly basis. The excess, if any, of the net book value above the Ceiling Limitation is charged to expense in the period in which it occurs and is not subsequently reinstated. At March 31, 2009, the net book value of the Company's oil and natural gas properties exceeded the Ceiling Limitation resulting in a reduction in the carrying value of the Company's oil and natural gas properties of \$47.6 million. The after-tax effect of this reduction was \$30.3 million. At March 31, 2010 the net book value of the Company's oil and natural gas properties did not exceed the Ceiling Limitation.

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Long-term debt consists of the following (in thousands):

	March 31, 2010	December 31, 2009
Credit facility	\$ 246,493	\$ 245,730
Accrued payment-in-kind interest	264	262
Installment loan agreements	272	175
	247,029	246,167
Less amount due within one year	149	126
	\$ 246,880	\$ 246,041

Credit Facility

In November 2007, in conjunction with the Ascent acquisition, the Company entered into a new \$500.0 million credit facility with Guggenheim Corporate Funding, LLC, for itself and on behalf of other institutional lenders. The facility includes a \$250.0 million revolving credit facility and a \$200.0 million term loan facility and an additional \$50.0 million available under the term loan as requested by the Company and approved by the lenders. The initial amount of the \$200.0 million term loan was advanced at closing. The borrowing base under the revolving credit facility initially was set at \$175.0 million, a portion of which was advanced at the closing of the Ascent acquisition. Borrowings under the facility were used to refinance RAM Energy's existing indebtedness, fund the cash requirements in connection with the closing of the Ascent acquisition, and for working capital and other general corporate purposes. Funds advanced under the revolving credit facility may be paid down and re-borrowed during the four-year term of the revolver, and initially bore interest at LIBOR plus a margin ranging from 1.25% to 2.0% based on a percentage of usage. The term loan provides for payments of interest only during its term, with the initial interest rate being LIBOR plus 7.5%. The \$175.0 million borrowing base under the revolver was reaffirmed in April 2010.

Advances under the facility are secured by liens on substantially all properties and assets of the Company and its subsidiaries. The loan agreement contains representations, warranties and covenants customary in transactions of this nature, including restrictions on the payment of dividends on our capital stock and financial covenants relating to current ratio, minimum interest coverage ratio, maximum leverage ratio and a required ratio of asset value to total indebtedness. The Company is required to maintain commodity hedges with respect to not less than 50%, but not more than 85%, of the Company's projected monthly production volumes on a rolling 30-month basis, until the leverage ratio is less than or equal to 2.0 to 1.0.

On June 26, 2009, the Company entered into the Second Amendment to the credit facility. The Second Amendment amends certain definitions and certain financial and negative covenant terms providing greater flexibility for the Company through the remaining term of the facility. Additionally, the Second Amendment increased the interest rates applicable to borrowings under both the revolver and the term loan. Advances under the revolver will bear interest at LIBOR, with a minimum LIBOR rate, or floor, of 1.5%, plus a margin ranging from 2.25% to 3.0% based on a percentage of usage. The term loan will bear interest at LIBOR, also with a floor of 1.5%, plus a margin of 8.5%, and an additional 2.75% of payment-in-kind interest that will be added to the term loan principal balance on a monthly basis and paid at maturity. The Company was in compliance with all of the financial covenants under the credit facility at March 31, 2010. At March 31, 2010, \$135.0 million was outstanding under the revolving credit facility and \$111.8 million was outstanding under the term facility, including \$0.3 million accrued payment-in-kind interest.

D CAPITAL STOCK

The Company had outstanding options to purchase up to 275,000 units at any time on or prior to May 11, 2009 at an exercise price of \$9.90 per unit, with each unit consisting of one share of the Company's common stock and two

warrants. All of the unit purchase options expired unexercised.

Table of Contents**E COMMITMENTS AND CONTINGENCIES**

Sacket v. Great Plains Pipeline Company, et al. This was a class action lawsuit on behalf of certain royalty owners in which RAM Energy, together with certain of its subsidiaries and affiliates, were defendants. In the lawsuit, the plaintiff alleged that the royalty payments to landowners for oil and natural gas produced from wells connected to a RAM Energy subsidiary's natural gas, oil and saltwater pipeline system in Woods, Alfalfa and Major Counties, Oklahoma, were calculated on a price that was lower than the price at which the production from the related wells was resold by the subsidiary. On March 5, 2009, the Court approved a settlement of the lawsuit and on April 4, 2009, the settlement became final.

During 2008, the Company recorded a contingent liability of \$16.0 million for its share of the settlement amount and a receivable of \$2.8 million in other current assets representing the value of escrowed shares, set aside by former stockholders of RAM Energy to cover this litigation, based on the closing price of \$0.88 per share on December 31, 2008. The Company also recorded a charge to other expense of \$13.2 million for the difference between the settlement liability and the value of the escrowed shares. During the first quarter of 2009, the Company recorded a charge to other expense of \$0.4 million and adjusted the receivable from \$2.8 million to \$2.4 million to adjust the Fair Market Value of the escrowed shares to reflect the final settlement due of \$0.74 per share.

Rathborne Land Company, et al., v. Ascent Energy Inc., et al. Ascent Energy Inc. and its Ascent Energy Louisiana, LLC subsidiary were sued for lease cancellation and damages for failure to explore and develop the plaintiff's lease. By Opinion dated December 31, 2008, the court found in favor of the plaintiff and against the defendants. On June 1, 2009, the court entered judgment against the defendants in the amount of \$4.6 million and shortly thereafter the Company filed an appeal with the United States Court of Appeals for the Fifth Circuit. The Company also filed a motion to stay the judgment pending final disposition on appeal and to permit the posting of a cash bond as security for the stay, which motion was granted by the court.

In conjunction with the Company's November 29, 2007 acquisition of Ascent, the former stockholders and note holders of Ascent deposited \$20.0 million in escrow to secure their obligation to indemnify the Company with respect to certain liabilities and obligations of Ascent, including any loss, cost, liability or expense incurred by the Company in connection with this and other pending litigation, subject to a sharing arrangement. After giving effect to such sharing arrangement with respect to previously settled litigation, the Company and the former Ascent owners will share equally the first \$1.8 million of any losses attributable to this lawsuit and the former Ascent owners, out of the escrow, will bear the remaining portion of any loss so incurred, up to the remaining balance in the escrow fund. On June 18, 2009, the defendants arranged for the posting of a cash security bond with the registry of the trial court in the amount of \$5.5 million, being 120% of the amount of the judgment, as required by court rule. By agreement with the representative of the former Ascent stockholders and note holders, the Company posted the sum of \$0.9 million toward the security deposit and the remaining sum of \$4.6 million was posted out of the escrow fund. All remaining funds in the escrow account, less the sum of approximately \$0.2 million (which was retained in the escrow account to cover additional and incidental fees and expenses related to the Rathborne litigation), were distributed to the Ascent stockholders and note holders per the terms of the escrow agreement. During the fourth quarter of 2008, the Company recorded a contingent liability of \$0.9 million related to this litigation.

The Company is also involved in other legal proceedings and litigation in the ordinary course of business. In the opinion of management, the outcome of such matters will not have a material adverse effect on the Company's financial position or results of operations.

F FAIR VALUE MEASUREMENTS

The Company measures the fair value of its derivative instruments according to the fair value hierarchy as set forth in Topic 820 of the Codification. Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Level 2 measurements are inputs that are observable for assets or liabilities, either directly or indirectly, other than quoted prices included within Level 1. The fair value of our net derivative liabilities as of March 31, 2010 and December 31, 2009 was \$2.9 million and \$4.8 million, respectively, based on Level 2 criteria. See Note G.

At March 31, 2010, the carrying value of cash, receivables and payables reflected in the Company's consolidated financial statements approximates fair value due to their short-term nature. Additionally, the carrying value of the Company's long-term debt under the credit facility approximates fair value because the credit facility carries a variable interest rate based on market interest rates. See Note C for discussion of long-term debt.

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The Company periodically utilizes various hedging strategies to manage the price received for a portion of its future oil and natural gas production to reduce exposure to fluctuations in oil and natural gas prices and to achieve a more predictable cash flow.

During 2010 and 2009, the Company entered into numerous derivative contracts to manage the impact of oil and natural gas price fluctuations and as required by the terms of its credit facility.

The Company did not designate these transactions as hedges. Accordingly, all gains and losses on the derivative instruments during 2010 and 2009 have been recorded in the statements of operations.

The Company's derivative positions at March 31, 2010, consisting of put/call collars and put options, also called bare floors as they provide a floor price without a corresponding ceiling, are shown in the following table:

	Crude Oil (Bbls)					Natural Gas (MMbtu)					
	Floors		Ceilings		Months Covered	Floors		Ceilings		Months Covered	
	Per Day ⁽¹⁾	Price	Per Day	Price		Per Day ⁽¹⁾	Price	Per Day	Price		
Collars											
2010										April June, November	
	2,079	\$53.99	2,079	\$83.10	April	December	2,764	\$5.00	2,764	\$8.16	December
2011		\$		\$			6,219	\$5.00	6,219	\$9.48	January September
Year	Bare Floors				Bare Floors						
	Per Day ⁽¹⁾	Price	Months Covered		Per Day ⁽¹⁾	Price	Months Covered				
2010	920	\$60.00	July	December	7,236	\$4.46	April	December			
2011	1,870	\$60.00	January	September		\$					

⁽¹⁾ Per day amounts are calculated based on a 365-day year.

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The Company estimates the fair value of its derivative instruments based on published forward commodity price curves as of the date of the estimate, less discounts to recognize present values. The Company estimates the fair value of its derivatives using a pricing model which also considers market volatility, counterparty credit risk and additional criteria in determining discount rates. See Note F. The discount rate used in the discounted cash flow projections is based on published LIBOR rates, Eurodollar futures rates and interest swap rates. The counterparty credit risk is determined by calculating the difference between the derivative counterparty's bond rate and published bond rates. The Company incorporates its credit risk when the derivative position is a liability by using its LIBOR spread rate.

Gross fair values of the Company's derivative instruments, prior to netting of assets and liabilities subject to a master netting arrangement, as of March 31, 2010 and December 31, 2009 and the amounts recorded in the consolidated statements of operations for the three months ended March 31, 2010 and 2009 are as follows (in thousands):

CONSOLIDATED BALANCE SHEETS

Gross Assets and Liabilities		Balance Sheet Location	Fair Value As of March 31, 2010	Fair Value As of December 31, 2009
Current Assets	Derivative assets	Current Liabilities		
Other Assets	Derivative assets	liabilities	\$ 1,705	\$ 413
		Other Assets	1,678	
Other Assets	Derivative assets	Long-Term Liabilities		
Current Liabilities	Derivative	liabilities		200
liabilities		Current Liabilities	(5,360)	(4,884)
Long-Term Liabilities	Derivative	liabilities		
liabilities		Other Assets	(895)	
Long-Term Liabilities	Derivative	Long-Term Liabilities		
liabilities		liabilities		(558)
Total Derivatives Not Designated as Hedging Instruments			\$(2,872)	\$ (4,829)

CONSOLIDATED STATEMENTS OF OPERATIONS

Location		Three Months Ended March 31,	
		2010	2009
Revenue	Unrealized gains (losses) on derivatives	\$ 1,935	\$ (1,007)
Revenue	Realized gains (losses) on derivatives	\$ (898)	\$ 7,878

H SHARE-BASED COMPENSATION

The Company accounts for share-based payment accruals under authoritative guidance on stock compensation, as set forth in Topic 718 of the Codification. The guidance requires all share-based payments to employees, including grants of employee stock options, to be recognized in the financial statements based on their fair values.

On May 8, 2006, the Company's stockholders approved its 2006 Long-Term Incentive Plan (the Plan). The Company reserved a maximum of 2,400,000 shares of its common stock for issuances under the Plan. The Plan includes a provision that, at the request of a grantee, the Company may repurchase shares to satisfy the grantee's federal and state income tax withholding requirements. All repurchased shares will be held by the Company as treasury stock. On May 8, 2008, the Plan was amended to increase the maximum authorized number of shares to be

issued under the Plan from 2,400,000 to 6,000,000. As of March 31, 2010, a maximum of 1,071,426 shares of common stock remained reserved for issuance under the Plan.

As of March 31, 2010, the Company had \$6.5 million of unrecognized compensation cost related to non-vested, share-based compensation awards granted under the Plan. That cost is expected to be recognized over a weighted-average period of three years. The related compensation expense recognized during the three months ended March 31, 2010 and 2009 was \$0.7 million and \$0.5 million, respectively.

The Company held its 2010 Annual Meeting of Stockholders on May 3, 2010. At the meeting, the following amendments to the Company's 2006 Long-Term Incentive Plan were adopted to:

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Increase the maximum authorized number of shares to be awarded under the 2006 plan from 6,000,000 to 7,400,000;

Remove the limitations in the 2006 plan that limit to 100,000 the number of shares of common stock that may be made subject to the grant of stock options, stock appreciation rights, restricted stock awards and performance unit awards to any eligible employee in any calendar year; and

Remove the limitations in the 2006 plan that limit to 20,000 the number of shares of common stock that may be made subject to the grant of stock options and restricted stock awards to any eligible director in any calendar year.

ITEM 2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
BUSINESS

General

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.

Principal Properties

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 three main onshore locations:

South Texas Starr, Wharton and Duval Counties, Texas (Developing Fields);

Electra/Burkburnett Wichita and Wilbarger Counties, Texas (Mature Oil Fields); and

Pontotoc County, Oklahoma (Mature Oil Fields).

Our unconventional reserves and prospects are primarily shale plays in the following areas:

North Texas Barnett Shale Jack and Wise Counties, Texas. This is our Tier 1 Barnett Shale acreage where we own interests in approximately 27,018 gross (6,594 net) acres (Developing Field);

Appalachian Devonian Shale Cabell and Mason Counties, West Virginia. We own leasehold interests in approximately 46,550 gross (37,043 net) acres (Developing Field); and

North Texas Barnett Shale Bosque and Hamilton Counties, Texas. We own interests in approximately 1,079 gross (833 net) acres in this emerging Tier 2 region of the North Texas Barnett Shale play (Developing Field).

Table of Contents**Net Production, Unit Prices and Costs**

The following table presents certain information with respect to our oil and natural gas production, and the prices and costs attributable to all oil and natural gas properties owned by us, for the three months ended March 31, 2010. Average realized prices reflect the actual realized prices received by us, before and after giving effect to the results of our derivative contract settlements. Our derivative activities are financial, and our production of oil, natural gas liquids, or NGLs, and natural gas, and the average realized prices we receive from our production, are not affected by our derivative arrangements.

	Three months ended March 31, 2010
Production volumes:	
Oil (MBbls)	257
NGLs (MBbls)	98
Natural gas (MMcf)	1,269
Total (MBoe)	566
Average sale prices received:	
Oil (per Bbl)	\$ 75.83
NGLs (per Bbl)	\$ 40.11
Natural gas (per Mcf)	\$ 5.07
Total per Boe	\$ 52.73
Cash effect of derivative contracts:	
Oil (per Bbl)	\$ (3.84)
NGLs (per Bbl)	\$ 0.00
Natural gas (per Mcf)	\$ 0.07
Total per Boe	\$ (1.59)
Average prices computed after cash effect of settlement of derivative contracts:	
Oil (per Bbl)	\$ 71.99
NGLs (per Bbl)	\$ 40.11
Natural gas (per Mcf)	\$ 5.14
Total per Boe	\$ 51.14
Cash expenses (per Boe):	
Oil and natural gas production taxes	\$ 2.82
Oil and natural gas production expenses	\$ 13.99
General and administrative	\$ 6.66
Interest	\$ 7.68
Taxes	\$ 0.11
Total per Boe	\$ 31.26
Cash flow per Boe	\$ 19.88

Table of Contents**Acquisition, Development and Exploration Capital Expenditures**

The following table presents information regarding our net costs incurred in our acquisitions of proved and unproved properties, and our development and exploration activities during the three months ended March 31, 2010 (in thousands):

	Three months ended March 31, 2010
Development and exploratory costs	\$ 7,513
Proved property acquisition costs	308
Unproved property acquisition costs	
Total costs incurred	\$ 7,821

During the quarter ended March 31, 2010, we participated in the drilling of 21.0 gross (16.1 net) development wells. Ten gross (10.0 net) wells were completed and capable of commercial production and 11.0 gross (6.1 net) wells were drilling or waiting on completion.

Results of Operations**Quarter Ended March 31, 2010 Compared to Quarter Ended March 31, 2009**

Oil and natural gas sales increased \$10.8 million, or 57%, to \$29.8 million for the three months ended March 31, 2010 as compared to \$19.1 million for the same period in 2009. This increase was driven by commodity price increases, which increased 81% for the three months ended March 31, 2010 as compared to the same period last year. Production volumes decreased 14% for the three months ended March 31, 2010 as compared to the same period last year. The production decrease is primarily attributed to a reduction in drilling activity in 2009 as a result of low natural gas prices, and to unplanned downtime due to severe weather during the first quarter of 2010. Drilling and workover delays, weather-related well shut-ins and natural production declines caused decreased production in most of our fields.

Production from our developing fields of South Texas, Barnett Shale, and Appalachia in West Virginia decreased 13 MBoe in the first quarter. Drilling activity included 8.0 gross (3.2 net) development wells. Production from our mature oil fields of Electra/Burkburnett in North Texas and Allen/Fitts in Pontotoc County, Oklahoma decreased 51 MBoe in the first quarter. Drilling activity included 13.0 gross (12.9 net) development wells. Production from our mature gas fields decreased 25 MBoe in the first quarter of 2010. We did not drill any new wells in our mature gas fields during this quarter.

The following tables summarize our oil and natural gas production volumes, average sales prices and period to period comparisons for the periods indicated:

	Developing Fields		Appalachia	Mature	Mature	Total
	South Texas	Barnett Shale		Oil Fields*	Natural Gas Fields	
Three Months Ended March 31, 2010						
Aggregate Net Production						
Oil (MBbls)	13	2		218	24	257
NGLs (MBbls)	35	31		13	19	98
Natural Gas (MMcf)	541	172	14	56	486	1,269
MBoe	139	61	2	240	124	566

Three Months Ended March 31, 2009**Aggregate Net Production**

Oil (MBbls)	19	2		251	18	290
NGLs (MBbls)	29	35		20	20	104
Natural Gas (MMcf)	519	238	23	119	668	1,567
MBoe	134	77	4	291	149	655
Change in MBoe	5	(16)	(2)	(51)	(25)	(89)
Percentage Change in MBoe	3.7%	-20.8%	-50.0%	-17.5%	-16.8%	-13.6%

* Includes
Electra/Burkburnett,
Allen/Fitts and
Layton fields.

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	Three months ended March 31,		Increase
	2010	2009	
Average sale prices:			
Oil (per Bbl)	\$75.83	\$38.75	95.7%
NGL (per Bbl)	\$40.11	\$16.86	137.9%
Natural gas (per Mcf)	\$ 5.07	\$ 3.86	31.3%
Per Boe	\$52.73	\$29.08	81.3%

The average realized sales prices increased substantially for the three months ended March 31, 2010 as compared to the same period in 2009. The average realized sales price for oil was \$75.83 per barrel for the three months ended March 31, 2010, an increase of 96%, compared to \$38.75 per barrel for the same period in 2009. The average realized sales price for NGLs was \$40.11 for the three months ended March 31, 2010, an increase of 138%, compared to \$16.86 per barrel for the same period in 2009. The average realized sales price for natural gas was \$5.07 per Mcf for the three months ended March 31, 2010, an increase of 31%, compared to \$3.86 per Mcf for the same period in 2009.

Realized and Unrealized Gain (Loss) from Derivatives. For the quarter ended March 31, 2010, our gain from derivatives was \$1.0 million, compared to a gain of \$6.9 million for the quarter ended March 31, 2009. Our gains and losses during these periods were the net result of recording actual contract settlements, the premiums paid for our derivative contracts, and unrealized gains and losses attributable to mark-to-market values of our derivative contracts at the end of the periods.

	Three months ended March 31,	
	2010	2009
	(in thousands)	
Contract settlements and amortization of premium costs:		
Oil	\$ (988)	\$ 4,345
Natural gas	90	3,533
Realized gains (losses)	(898)	7,878
Mark-to-market gains (losses):		
Oil	129	(5,097)
Natural gas	1,806	4,090
Unrealized gains (losses)	1,935	(1,007)
Realized and unrealized gains	\$ 1,037	\$ 6,871

Oil and Natural Gas Production Taxes. Our oil and natural gas production taxes were \$1.6 million for the quarter ended March 31, 2010, compared to \$0.9 million for the comparable quarter of the previous year. The increase is due principally to higher commodity prices in the 2010 period. Production taxes vary by state. Most are based on realized prices at the wellhead, while Louisiana production taxes are based on volumes for natural gas and values for oil. As revenues or volumes from oil and natural gas sales increase or decrease, production taxes on these sales also increase or decrease directly. As a percentage of oil and natural gas sales, oil and natural gas production taxes were 5.3% for the quarter ended March 31, 2010. We received a retroactive severance tax refund of \$0.2 million during the first quarter of 2009 on a non-operated property causing our oil and natural gas production taxes as a percentage of oil

and natural gas sales to decrease to 4.6% for the quarter ended March 31, 2009.

Oil and Natural Gas Production Expense. Our oil and natural gas production expense was \$7.9 million for the quarter ended March 31, 2010, a decrease of \$2.2 million, or 21%, from the \$10.1 million for the quarter ended March 31, 2009. The decrease was due primarily to decreased production volumes caused by weather-related shut-ins. For the quarter ended March 31, 2010, our oil and natural gas production expense was \$13.99 per Boe compared to \$15.39 per Boe for the quarter ended March 31, 2009, a decrease of 9%. The decrease per Boe resulted from a decrease in workover costs and repairs, which are not directly related to production. As a percentage of oil and natural gas sales, oil and natural gas production expense was 27% for the quarter ended March 31, 2010, as compared to 53% for the quarter ended March 31, 2009. This decrease results from a significant rise in average sales prices per Boe, from \$29.08 in 2009 to \$52.73 in 2010, an 81% increase.

Amortization and Depreciation Expense. Our amortization and depreciation expense decreased \$1.6 million, or 19%, for the quarter ended March 31, 2010, compared to the quarter ended March 31, 2009. On an equivalent basis, our amortization of the full-cost pool of \$6.5 million was \$11.40 per Boe for the quarter ended March 31, 2010, a decrease per Boe of 7% compared to \$8.0 million, or \$12.26 per Boe for the quarter ended March 31, 2009. This rate decrease per Boe resulted primarily from lower capitalized costs subsequent to the asset impairment writedown in the first quarter of 2009.

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Accretion Expense. Topic 410 of the Codification includes, among other things, the accounting for fair value of asset retirement obligations. Accretion expense is a function of changes in fair value from period-to-period. We recorded \$0.4 million for the quarter ended March 31, 2010, unchanged from the quarter ended March 31, 2009.

Impairment Charge. No impairment was incurred for the first quarter of 2010. We incurred a \$47.6 million impairment on the carrying value of our oil and natural gas properties during the first quarter of 2009. The impairment of our oil and natural gas properties was primarily due to a reduction in the estimated present value of future net revenues from our proved oil and natural gas reserves resulting from a decline in commodity prices from December 31, 2008 to March 31, 2009.

Share-Based Compensation. From time to time, our Board of Directors grants restricted stock awards under our 2006 Long-Term Incentive Plan. Each of these grants vests in equal increments over the vesting period provided for the particular award. All currently unvested awards provide for vesting periods of from one to five years. The share-based compensation expense attributable to these grants is calculated using the closing price per share on each of the grant dates and will be recognized over their respective vesting periods. For the quarter ended March 31, 2010, we recognized a total of \$0.7 million share-based compensation expense, compared to \$0.5 million for the quarter ended March 31, 2009. The increase was primarily due to additional grants during the 2010 and 2009 periods.

General and Administrative Expense. For the quarter ended March 31, 2010, our general and administrative expense was \$3.8 million, compared to \$4.3 million for the quarter ended March 31, 2009, a decrease of \$0.5 million, or 13%. The decrease results from the collection of certain past due receivables and lower health and welfare costs in the 2010 period.

Interest Expense. We recorded interest expense of \$5.6 million for the quarter ended March 31, 2010 as compared to \$3.6 million for the first quarter of the previous year. The increase in interest expense was due to higher interest rates in the 2010 period due to the Second Amendment to our credit facility executed June 26, 2009. Our blended interest rate was 8.1% in the first quarter of 2010 compared to 4.9% in the 2009 period.

Other Expense. We recorded a charge to other expense of \$0.01 million for the quarter ended March 31, 2010. We recorded a charge to other expense of \$0.4 million for the quarter ended March 31, 2009 for expense related to settlement of pending litigation.

Income Taxes. For the three months ended March 31, 2010, we recorded an income tax expense of \$1.8 million, on pre-tax income of \$4.2 million. For the quarter ended March 31, 2009, we recorded an income tax benefit of \$20.8 million, on a pre-tax loss of \$50.2 million. Our effective tax rate for the three months ended March 31, 2010 was 43%. Excluding the first quarter 2009 ceiling test impairment of \$47.6 million and the related tax benefit of \$17.3 million, the effective tax rate for the three months ended March 31, 2009 was a benefit of 138%. The high effective tax rate in the 2009 period resulted from increased estimated state tax expense caused by the limitation on the use of certain deductions for state tax purposes.

Liquidity and Capital Resources

As of March 31, 2010, we had cash and cash equivalents of \$0.1 million, and \$40.0 million of nominal availability under our revolving credit facility; however, because of the amount of our Modified EBITDA for the preceding four fiscal quarters, the financial covenants in our credit facility would have limited us to \$36.1 million of additional borrowings as of March 31, 2010. We will be unable to borrow the full amount of our borrowing base until our Modified EBITDA for the preceding four fiscal quarters equals or exceeds \$63.6 million. At March 31, 2010, we had \$247.0 million of indebtedness outstanding, including \$111.8 million under our term loan facility (which includes \$0.3 million of accrued payment-in-kind interest), \$135.0 million under our revolving credit facility and \$0.2 million in other indebtedness. As of March 31, 2010, we had an accumulated deficit of \$214.9 million and a working capital deficit of \$10.3 million.

Credit Facility. In November 2007, in conjunction with the Ascent acquisition, we entered into a new \$500.0 million credit facility with Guggenheim Corporate Funding, LLC, for itself and on behalf of other institutional lenders. The new facility, which replaced our previous \$300.0 million facility, includes a \$250.0 million revolving credit facility, a \$200.0 million term loan facility, and an additional \$50.0 million available under the term loan as requested by us and approved by the lenders. The entire amount of the \$200.0 million term loan was advanced at closing. The borrowing base under the revolving credit facility at the closing was \$175.0 million, a portion of which

was advanced at the closing of the Ascent acquisition. Borrowings under the new facility were used to refinance RAM Energy's existing indebtedness, fund the cash requirements in connection with the closing of the Ascent acquisition, and for working capital and other general corporate purposes. Funds advanced under the revolving credit facility may be paid down and re-borrowed during the four-year term of the revolver, and initially bore interest at LIBOR plus a margin ranging from 1.25% to 2.0% based on a percentage of usage. The term loan portion of our credit facility initially provided for payments of interest only during its five-year term, with the initial interest rate being LIBOR plus 7.5%. The \$175.0 million borrowing base was reaffirmed in April 2010 based on the value of our proved reserves at December 31, 2009.

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Advances under our credit facility are secured by liens on substantially all of our properties and assets. The credit facility contains representations, warranties and covenants customary in transactions of this nature, including financial covenants relating to current ratio, minimum interest coverage ratio, maximum leverage ratio and a required ratio of asset value to total indebtedness.

On June 26, 2009, we renegotiated certain terms of our credit facility to provide us greater flexibility in complying with certain of the financial covenants under the loan agreement. In exchange for the added flexibility afforded by these changes to the credit facility, we agreed to increase the base cash interest rate on both the revolving credit facility and the term loan credit facility by 1% per annum, establish a LIBOR floor of 1.5% and pay an additional 2.75% per annum of non-cash, payment-in-kind, or PIK, interest on the term portion of the facility. Accrued PIK interest is added to the principal balance of the term loan on a monthly basis and will be paid at maturity.

In 2009 we used \$4.0 million in proceeds from asset sales to pay down the term facility. PIK interest of \$1.6 million was added to the term facility in 2009, bringing the balance to \$111.0 million at December 31, 2009. In the first quarter of 2010, PIK interest of \$0.8 million was added to the term facility, bringing the balance to \$111.8 million at March 31, 2010.

Notwithstanding the recent amendments to our loan agreement, our ability to comply with the financial covenants in our credit facility may be affected by events beyond our control and, as a result, in future periods we may be unable to meet these ratios and financial condition tests. These financial ratio restrictions and financial condition tests could limit our ability to obtain future financings, make needed capital expenditures, withstand a future downturn in our business or the economy in general or otherwise conduct necessary corporate activities. A breach of any of these covenants or our inability to comply with the required financial ratios or financial condition tests could result in a default under our credit facility. A default, if not cured or waived, could result in acceleration of all indebtedness outstanding under our credit facility. The accelerated debt would become immediately due and payable. If that should occur, we may be unable to pay all such debt or to borrow sufficient funds to refinance it. Even if new financing were then available, it may not be on terms that are acceptable to us. At March 31, 2010, we were in compliance with all of the financial covenants under our credit facility.

We are required to maintain commodity hedges with respect to not less than 50%, but not more than 85%, of our projected monthly production volumes on a rolling 30-month basis, until the leverage ratio is less than or equal to 2.0 to 1.0. At March 31, 2010, our commodity hedging represented approximately 53% of our projected production volumes through September 30, 2012.

Cash Flow From Operating Activities. Our cash flow from operating activities is comprised of three main items: net income (loss), adjustments to reconcile net income to cash provided (used) before changes in working capital, and changes in working capital. For the three months ended March 31, 2010, our net income was \$2.4 million, as compared to a net loss of \$29.4 million for the three months ended March 31, 2009. Adjustments (primarily non-cash items such as asset impairment charge, depreciation and amortization, and deferred income taxes) were \$9.6 million for the three months ended March 31, 2010 compared to \$37.6 million for the first three months of 2009, a decrease of \$28.0 million. Asset impairment charge, depreciation, amortization and unrealized (gains) losses offset by a change in deferred income taxes caused most of this decrease. Working capital changes for the three months ended March 31, 2010 were a negative \$4.2 million compared with negative changes of \$5.1 million for the three months ended March 31, 2009. For the three months ended March 31, 2010, in total, net cash provided by operating activities was \$7.8 million compared to \$3.2 million of net cash provided by operations for the previous year.

Cash Flow From Investing Activities. For the three months ended March 31, 2010 net cash used in our investing activities consisted of \$8.1 million in payments for oil and natural gas properties and other equipment, offset by \$0.5 million in proceeds from sales of oil and natural gas properties. For the three months ended March 31, 2009, net cash used in our investing activities was \$13.2 million. The change is primarily due to lower capital expenditures in the 2010 period.

Cash Flow From Financing Activities. For the three months ended March 31, 2010, net cash used in our financing activities was \$0.2 million, compared to net cash provided of \$10.0 million for the three months ended March 31, 2009. During the first three months of 2010, we received proceeds of \$10.1 million from borrowings on long-term debt. We also reduced our long-term debt by \$10.0 million, using \$4.0 million in proceeds from asset sales

and \$6.0 million in cash flows from operations. In the first quarter of 2009, our net borrowings were \$10.0 million.

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Capital Commitments

During the first quarter of 2010, we had capital expenditures of \$7.8 million relating to our oil and natural gas operations, of which \$7.5 million was allocated to drilling new development wells and recompletion operations in existing wells and \$0.3 million was for acquisition costs.

We have budgeted \$50.0 million for non-acquisition capital expenditures in 2010 related to:
geological, geophysical and seismic costs (\$6.0 million);

developmental drilling and recompletions (\$38.0 million); and

exploratory drilling, including leasehold acquisitions (\$6.0 million).

In our 2010 non-acquisition capital budget for developmental drilling and recompletions, we have allocated \$22.0 million for drilling on our South Texas properties, \$3.0 million for our North Texas Barnett Shale, \$9.0 million for continued development of our Electra/Burkburnett area, \$2.0 million for reworking and production enhancement operations in our other mature fields, and \$2.0 million to our Pontotoc properties in Oklahoma.

The amount and timing of our capital expenditures for calendar year 2010 may vary depending on a number of factors, including prevailing market prices for oil and natural gas, the favorable or unfavorable results of operations actually conducted, projects proposed by third party operators on jointly owned acreage, development by third party operators on adjoining properties, rig and service company availability, and other influences that we cannot predict.

Although we cannot provide any assurance, assuming successful implementation of our strategy, including the future development of our proved reserves and realization of our cash flows as anticipated, we believe that cash flows from operations and the availability under our revolving credit facility will be sufficient to satisfy our budgeted non-acquisition capital expenditures, working capital and debt service obligations for 2010. The actual amount and timing of our future capital requirements may differ materially from our estimates as a result of, among other things, changes in product pricing and regulatory, technological and competitive developments. Sources of additional financing available to us may include commercial bank borrowings, vendor financing and the sale of equity or debt securities. We cannot provide any assurance that any such financing will be available on acceptable terms or at all.

The credit markets are undergoing significant volatility. Many financial institutions have liquidity concerns, prompting government intervention to mitigate pressure on the credit markets. Our exposure to the current credit market crisis includes our revolving credit facility, counterparty risks related to our trade credit and risks related to our cash investments.

Our revolving credit facility matures in November 2011. Our term loan facility matures in November 2012. Should the current tightness in the credit markets continue, future extensions of our credit facility may contain terms that are less favorable than those of our current credit facility.

Current market conditions also elevate the concern over our cash deposits, which totaled approximately \$0.1 million at March 31, 2010 but fluctuate throughout the year, and counterparty risks related to our trade credit. Our cash accounts and deposits with any financial institution that exceed the amount insured by the Federal Deposit Insurance Corporation are at risk in the event one of these financial institutions fails. We sell our crude oil, natural gas and NGLs to a variety of purchasers. Some of these parties are not as creditworthy as we are and may experience liquidity problems. Non-performance by a trade creditor could result in losses.

ITEM 3 QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Exposure to market risk is managed and monitored by our senior management. Senior management approves the overall investment strategy that we employ and has responsibility to ensure that the investment positions are consistent with that strategy and the level of risk acceptable to us. The carrying amounts reported in our consolidated balance sheets for cash and cash equivalents, trade receivables and payables, installment notes and variable rate long-term debt approximate their fair values.

Interest Rate Sensitivity

We are exposed to changes in interest rates. Changes in interest rates affect the interest earned on our cash and cash equivalents and the interest rate paid on our borrowings. We have not used interest rate derivative instruments to manage our exposure to interest rate changes.

Our long-term debt as of March 31, 2010 is denominated in U.S. dollars. Our debt has been issued at variable rates, and as such, interest expense would be impacted by interest rate shifts. The impact of a 100-basis point increase in LIBOR interest rates above our current floor of 1.5% would result in an increase in interest expense of \$2.5 million annually. A 100-basis point decrease would have no effect on interest expense until the market rate of LIBOR is above our current floor of 1.5%.

Table of Contents**Commodity Price Risk**

Our revenue, profitability and future growth depend substantially on prevailing prices for oil and natural gas. Prices also affect the amount of cash flow available for capital expenditures and our ability to borrow and raise additional capital. Lower prices may also reduce the amount of oil and natural gas that we can economically produce. We currently sell most of our oil and natural gas production under market price contracts.

During the three months ended March 31, 2010, Shell Energy North America-US accounted for \$17.6 million, or approximately 59%, of our revenue from the sales of oil and natural gas. No other purchaser accounted for 10% or more of our oil and natural gas revenue for the quarter ended March 31, 2010.

To reduce exposure to fluctuations in oil and natural gas prices, to achieve more predictable cash flow, and as required by our lenders, we periodically utilize various derivative strategies to manage the price received for a portion of our future oil and natural gas production. We have not established derivatives in excess of our expected production.

Our open derivative positions at March 31, 2010, consisting of put/call collars and put options, also called bare floors as they provide a floor price without a corresponding ceiling, are shown in the following table:

	Crude Oil (Bbls)				Months Covered	Natural Gas (MMbtu)				Months Covered
	Floors		Ceilings			Floors		Ceilings		
	Per Day ⁽¹⁾	Price	Per Day	Price		Per Day ⁽¹⁾	Price	Per Day	Price	
Collars										
2010	2,079	\$ 53.99	2,079	\$ 83.10	April - December	2,764	\$ 5.00	2,764	\$ 8.16	April - June, November - December
2011		\$		\$		6,219	\$ 5.00	6,219	\$ 9.48	January - September
	Bare Floors			Bare Floors						
Year	Per Day ⁽¹⁾	Price	Months Covered		Per Day ⁽¹⁾	Price	Months Covered			
2010	920	\$ 60.00	July - December		7,236	\$ 4.46	April - December			
2011	1,870	\$ 60.00	January - September			\$				

⁽¹⁾ Per day amounts are calculated based on a 365-day year.

Based on March 31, 2010 NYMEX forward curves of natural gas and crude oil futures prices, adjusted for volatility by 530 basis points, we would expect to pay future cash payments of \$2.9 million under our natural gas and crude oil derivative arrangements as they mature. If future prices of natural gas and crude oil were to decline by 10%, we would expect to receive future cash payments under our natural gas and crude oil derivative arrangements of \$1.0 million, and if future prices were to increase by 10%, we would pay future cash payments of \$6.9 million.

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ITEM 4 CONTROLS AND PROCEDURES

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we evaluated the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, or the Exchange Act) as of March 31, 2010. On the basis of this review, our management, including our principal executive officer and principal financial officer, concluded that our disclosure controls and procedures are designed, and are effective, to give reasonable assurance that the information required to be disclosed by us in reports that we file under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and to ensure that information required to be disclosed in the reports filed or submitted under the Exchange Act is accumulated and communicated to our management, including our principal executive officer and principal financial officer, in a manner that allows timely decisions regarding required disclosure.

We did not effect any change in our internal controls over financial reporting during the quarter ended March 31, 2010 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Forward-Looking Statements

The description of our plans and expectations set forth herein, including expected capital expenditures and acquisitions, are forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These plans and expectations involve a number of risks and uncertainties. Important factors that could cause actual capital expenditures, acquisition activity or our performance to differ materially from the plans and expectations include, without limitation, our ability to satisfy the financial covenants of our outstanding debt instruments and to raise additional capital; our ability to manage our business successfully and to compete effectively in our business against competitors with greater financial, marketing and other resources; and adverse regulatory changes. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof. We undertake no obligation to update or revise these forward-looking statements to reflect events or circumstances after the date hereof including, without limitation, changes in our business strategy or expected capital expenditures, or to reflect the occurrence of unanticipated events.

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PART II OTHER INFORMATION

ITEM 1 LEGAL PROCEEDINGS

Reference is made to Part I, Item 3, Legal Proceedings, in our annual report on Form 10-K for the year ended December 31, 2009, for a discussion of pending legal proceedings to which we are a party.

ITEM 1A RISK FACTORS

Previously reported. Reference is made to Part I, Item 1A, Risk Factors, in our annual report on Form 10-K for the year ended December 31, 2009, for a discussion of the risk factors which could materially affect our business, financial condition or future results.

ITEM 2 UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3 DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4 [RESERVED]

ITEM 5 OTHER INFORMATION

None.

Table of Contents**ITEM 6 EXHIBITS**

Exhibit	Description	Method of Filing
3.1	Amended and Restated Certificate of Incorporation of the Registrant.	(1) [3.1]
3.2	Amended and Restated Bylaws of the Registrant.	(8) [3.2]
10.1	Form of Registration Rights Agreement among the Registrant and the Initial Stockholders.	(2) [10.9]
10.1.1	Amendment to Registration Rights Agreement among this Registrant and the Founders dated May 8, 2006.	(1) [10.9.1]
10.2	Employment Agreement between Registrant and Larry E. Lee dated May 8, 2006.*	(1) [10.15]
10.2.1	First Amendment to Employment Agreement between Registrant and Larry E. Lee dated October 18, 2006. *	(5) [10.1]
10.2.2	Second Amendment to Employment Agreement of Larry E. Lee dated February 25, 2008.*	(10) [10.6.2]
10.2.3	Third Amendment to Employment Agreement of Larry E. Lee, dated December 30, 2008.*	(13) [10.6.3]
10.2.4	Fourth Amendment to Employment Agreement of Larry E. Lee dated March 24, 2009.*	(14) [10.6.4]
10.2.5	Fifth Amendment to Employment Agreement of Larry E. Lee dated March 17, 2010.*	(17) [10.6.5]
10.3	Escrow Agreement by and among the Registrant, Larry E. Lee and Continental Stock Transfer & Trust Company dated May 8, 2006.	(1) [10.16]
10.4	Registration Rights Agreement among Registrant and the investors signatory thereto dated May 8, 2006.*	(1) [10.7]
10.5	Form of Registration Rights Agreement among the Registrant and the Investors party thereto.	(3) [10.17]
10.6	Agreement between RAM and Shell Trading-US dated February 1, 2006.	(1) [10.22]
10.7	Agreement between RAM and Targa dated January 30, 1998.	(1) [10.23]
10.7.1	Amendment to Agreement between RAM Energy and Targa dated effective as of April 1, 2006, filed as an exhibit to Registrant's Form 8-K dated June 5, 2006 and incorporated by reference herein.	(6) [10.23.1]
10.8		(4) [Annex C]

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Long-Term Incentive Plan of the Registrant. Included as Annex C of the Registrant's Definitive Proxy Statement (No. 000-50682), dated April 12, 2006 and incorporated by reference herein.*

10.8.1	First Amendment to RAM Energy Resources, Inc. 2006 Long-Term Incentive Plan effective May 8, 2008.*	(11) [Exhibit A]
10.9	Deferred Bonus Compensation Plan of RAM Energy, Inc. dated as of April 21, 2004.*	(7) [10.14]
10.10	Loan Agreement dated November 29, 2007, by and between RAM Energy Resources, Inc., as Borrower, and Guggenheim Corporate Funding, LLC, as the Arranger and Administrative Agent, Wells Fargo Foothill, Inc., as the Documentation Agent and WestLB AG, New York Branch and CIT Capital USA Inc., as the Co-Syndication Agents, and the financial institutions named therein as the Lenders.	(9) [10.1]

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Exhibit	Description	Method of Filing
10.10.1	First Amendment to Loan Agreement dated November 29, 2007, by and between RAM Energy Resources, Inc., as Borrower, and Guggenheim Corporate Funding, LLC, as the Arranger and Administrative Agent, Wells Fargo Foothill, Inc., as the Documentation Agent and WestLB AG, New York Branch and CIT Capital USA Inc., as the Co-Syndication Agents, and the financial institutions named therein as the Lenders.	(15) [10.17.1]
10.10.2	Second Amendment to Loan Agreement dated November 29, 2007, by and between RAM Energy Resources, Inc., as Borrower, and Guggenheim Corporate Funding, LLC, as the Arranger and Administrative Agent, Wells Fargo Foothill, Inc., as the Documentation Agent and WestLB AG, New York Branch and CIT Capital USA Inc., as the Co-Syndication Agents, and the financial institutions named therein as the Lenders.	(16) [10.17.2]
10.11	Description of Compensation Arrangement with G. Les Austin.*	(12) [10.18]
10.11.1	First Amendment to Employment Agreement of G. Les Austin, dated December 30, 2008.*	(13) [10.18.1]
10.12	Change in Control Separation Benefit Plan of RAM Energy Resources, Inc. and Participating Subsidiaries.*	(15) [10.19]
31.1	Rule 13(A) 14(A) Certification of our Principal Executive Officer.	**
31.2	Rule 13(A) 14(A) Certification of our Principal Financial Officer.	**
32.1	Section 1350 Certification of our Principal Executive Officer.	**
32.2	Section 1350 Certification of our Principal Financial Officer.	**
* Management contract or compensatory plan or arrangement.		
** Filed herewith.		
(1) Filed as an exhibit to the Registrant's Current Report on Form 8-K filed on May 12, 2006, as the exhibit number indicated in brackets and		

incorporated by
reference herein.

- (2) Filed as an exhibit to the Registrant's Registration Statement on Form S-1 (SEC File No. 333-113583) as the exhibit number indicated in brackets and incorporated by reference herein.
- (3) Filed as an exhibit to the Registrant's Current Report on Form 8-K filed on October 26, 2005, as the exhibit number indicated in brackets and incorporated by reference herein.
- (4) Included as an annex to the Registrant's Definitive Proxy Statement (No. 000-50682), dated April 12, 2006, as the annex letter indicated in brackets and incorporated by reference herein.
- (5) Filed as an exhibit to the Registrant's Current Report on Form 8-K on October 20, 2006, as the exhibit number indicated

in brackets and incorporated by reference herein.

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- (8) Filed as an exhibit to the Registrant's Current Report on Form 8-K filed on February 2, 2007, as the exhibit number indicated in brackets and incorporated by reference herein.
- (9) Filed as an exhibit to Registrant's Form 8-K dated November 29, 2007 as the exhibit number indicated in brackets and

incorporated by
reference herein.

(10) Filed as an
exhibit to
Registrant's Form
8-K dated
February 26,
2008 as the
exhibit number
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brackets and
incorporated by
reference herein.

(11) Filed as an
exhibit to
Registrant's
Definitive Proxy
Statement
(No. 000-50682)
dated April 14,
2008, as the
exhibit number
indicated in the
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herein by
reference.

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exhibit to the
Registrant's
Quarterly Report
on Form 10-Q
filed on May 9,
2008, as the
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8-K filed
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8-K filed
March 25, 2009
as the exhibit
number indicated
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- (17) Filed as an exhibit to Registrant's Form 8-K filed March 18, 2010 as the exhibit number indicated in brackets and incorporated by reference herein.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

RAM ENERGY RESOURCES, INC.

May 4, 2010

By: /s/ Larry E. Lee
Name: Larry E. Lee
Title: Chairman, President and Chief
Executive Officer

May 4, 2010

By: /s/ G. Les Austin
Name: G. Les Austin
Title: Senior Vice President and Chief
Financial Officer

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Table of Contents**INDEX TO EXHIBITS**

Exhibit	Description	Method of Filing
3.1	Amended and Restated Certificate of Incorporation of the Registrant.	(1) [3.1]
3.2	Amended and Restated Bylaws of the Registrant.	(8) [3.2]
10.1	Form of Registration Rights Agreement among the Registrant and the Initial Stockholders.	(2) [10.9]
10.1.1	Amendment to Registration Rights Agreement among this Registrant and the Founders dated May 8, 2006.	(1) [10.9.1]
10.2	Employment Agreement between Registrant and Larry E. Lee dated May 8, 2006.*	(1) [10.15]
10.2.1	First Amendment to Employment Agreement between Registrant and Larry E. Lee dated October 18, 2006. *	(5) [10.1]
10.2.2	Second Amendment to Employment Agreement of Larry E. Lee dated February 25, 2008.*	(10) [10.6.2]
10.2.3	Third Amendment to Employment Agreement of Larry E. Lee, dated December 30, 2008.*	(13) [10.6.3]
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