RAM ENERGY RESOURCES INC
Form DEF 14C
January 18, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14C

(RULE 14c-101)

SCHEDULE 14C INFORMATION

Information Statement Pursuant to Section 14(c) of the

Securities Exchange Act of 1934

Check the appropriate box:

¨ Preliminary information statement

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

x Definitive information statement

RAM Energy Resources, Inc.

(Name of Registrant as Specified in its Charter)

Payment of filing fee (check the appropriate box):

x No fee required.

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

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

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

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

(4) Proposed maximum aggregate value of transaction: $

(5) Total fee paid: $

¨ Fee paid previously with preliminary materials.

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

(1) Amount Previously Paid:

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

(3) Filing Party:

(4) Date Filed:

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RAM ENERGY RESOURCES, INC.

5100 East Skelly Drive, Suite 650

Tulsa, Oklahoma 74135

Information Statement

January 17, 2012

To the Stockholders of RAM Energy Resources, Inc.:

This information statement is being furnished to the holders of common stock of RAM Energy Resources, Inc., to provide our stockholders with notice of corporate action to be effected by us on or about February 8, 2012.

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

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

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

In addition, the purchase agreement requires us to:

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

We collectively refer to the transactions contemplated by the purchase agreement as the Halcon transaction. The Halcon transaction was approved by our board of directors on December 21, 2011 and subsequently was approved on January 17, 2012 by written consent in lieu of a meeting signed by stockholders holding a majority of our outstanding common stock. Accordingly, no other action or approval by our stockholders is required in order to consummate the Halcon transaction. The closing of the Halcon transaction is scheduled to occur on or about February 8, 2012, and such closing is the corporate action with respect to which this information statement is being provided. Our stockholders do not have appraisal or similar rights with respect to the Halcon transaction.

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

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

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

Very truly yours,

LARRY E. LEE

Chairman, President and

Chief Executive Officer

This information statement is dated January 17, 2012 and is first being sent or given to the RAM stockholders on or about January 18, 2012.

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RAM ENERGY RESOURCES, INC.

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SUMMARY OF INFORMATION STATEMENT

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

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

The Halcon Transaction

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

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

Consummation of the Halcon transaction will require amendments to our certificate of incorporation, which under Delaware law requires the approval of holders of a majority of the outstanding shares of our common stock. In addition, because (i) the transaction involves the issuance by us of more than 20% of our outstanding common stock in a private transaction for a price that may be less than the greater of the book or market value of our common stock; (ii) the issuance of shares of our common stock to Halcon in connection with this transaction will result in a change of control of RAM and (iii) we are approving a material amendment to our 2006 Long-Term Incentive Plan, referred to as the 2006 Plan, we are required by the rules of The NASDAQ Stock Market to obtain stockholder approval of these actions. Because the Halcon transaction will result in compensation being paid to our named executive officers that is based on or otherwise relates to the Halcon transaction (which we refer to as golden parachute payments), we were required by federal securities laws to have an advisory (non-binding) vote of the stockholders on the golden parachute payments. Stockholders owning 50.5% of our outstanding common stock, whom we refer to in this information statement as our majority stockholders, have approved the Halcon transaction, the related amendments to our certificate of incorporation and our 2006 Plan and approved, on an advisory basis, the golden parachute payments, by written consent in lieu of meeting. The record date for determining our stockholders entitled to sign a written consent to approve the Halcon transaction, as well as the amendments to our certificate of incorporation and our 2006 Plan, was January 13, 2012. On that date, we had 78,768,405 shares of common stock issued and outstanding.

The transactions contemplated by the purchase agreement are required to be consummated at a closing. We expect the closing of the Halcon transaction to occur on or about February 8, 2012.

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

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

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

Jefferies Fairness Opinion *(see discussion beginning on page 18)*

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

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

The Halcon transaction involves risks, including risks related to:

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

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

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

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

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

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

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

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

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

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

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

- the approval by a majority in interest of our stockholders by written consent, on or before January 20, 2012, of the issuance of the common stock, the note and the warrants, the amendments to our certificate of incorporation and our 2006 Plan contemplated by the Halcon transaction, and the approval, on an advisory (non-binding) basis, of the golden parachute payments (these conditions were satisfied by the execution by our majority stockholders of a written consent in lieu of meeting on January 17, 2012); and

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

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

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

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

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

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

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

Warrants *(see discussion beginning on page 42)*

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

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

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

New Board of Directors and Management *(see discussion beginning on page 55)*

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

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Amendments to Our Certificate of Incorporation

The following amendments to our certificate of incorporation will become effective upon filing with the Delaware Secretary of State in connection with the closing of the Halcon transaction. All the amendments are subject to approval by the holders of a majority of the outstanding shares of our common stock, and our majority stockholders have given such approval by executing a written consent in lieu of meeting on January 17, 2012. In the event the closing of the Halcon transaction does not occur, no amendments will become effective.

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

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

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

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

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

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

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

Amendment to Our 2006 Plan

Our 2006 Plan requires the affirmative vote by holders of a majority of our outstanding common stock to amend the 2006 Plan in order to increase the number of shares of common stock that may be issued in conjunction with awards granted under the plan. On January 17, 2012, the required written consent of our majority stockholders approving the amendment to the plan was executed and delivered to us. The amendment will become effective upon the closing of the Halcon transaction. See Amendment to Our 2006 Plan.

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

After careful consideration, our board of directors unanimously approved the Halcon transaction, as well as amendments to both our certificate of incorporation and our 2006 Plan, each conditioned upon the closing of the Halcon transaction. Under the Delaware General Corporation Law, approval of the amendments to our certificate of incorporation requires stockholder approval. Since the Halcon transaction results in (i) the issuance by us of more than 20% of our outstanding common stock in a private transaction for a price that may be less than the greater of the book or market value of our common stock and (ii) our change of control, and since we are approving a material change to our 2006 Plan, NASDAQ rules also require stockholder approval. Because the Halcon transaction will result in golden parachute payments to our named executive officers, we were required by federal securities laws to have an advisory (non-binding) vote of the stockholders on the golden parachute payments. On January 17, 2012, the required written consent of our majority stockholders was executed and delivered to us approving the Halcon transaction, the amendments to both our certificate of incorporation and our 2006 Plan and approving, on an advisory basis, the golden parachute payments to be made to our named executive officers as a result of the Halcon transaction. Accordingly, no further vote of our stockholders is required in connection with any of these matters.

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FORWARD-LOOKING STATEMENTS

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

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

THE HALCON TRANSACTION

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

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

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

We have agreed that we will, upon Halcon s request on up to three occasions, register with the SEC the public offering and sale by Halcon and its affiliates of the shares of common stock that Halcon will purchase from us, including the shares issuable upon exercise of the warrants and upon conversion of the note, and that we will include those shares in certain other registration statements we may file with the SEC. See Terms of the Registration Rights Agreement below.

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

Certain Risks Associated with the Halcon Transaction

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

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

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

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

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

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

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

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

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

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

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

Use of Proceeds

The net proceeds (which we estimate to be approximately $527,587,000 after expenses of the transaction) from the sale of the securities will be applied to pay in full the $75.0 million balance outstanding under our second lien term loan (which bears interest at LIBOR plus 9.0% with a 2.0% LIBOR floor and matures in September 2016) and pay down to zero the $127.0 million balance under our revolving credit facility (which bears interest at LIBOR plus a margin ranging from 2.5% to 3.25% and matures in March 2016), with the balance of approximately $325,587,000 to be added to our working capital and available for the acquisition, development and exploration of oil and gas properties and for general corporate purposes. As a result of the issuance of the note, our long-term debt is expected to increase by approximately $73.0 million, which represents the original principal amount of the convertible note of $275.0 million to be issued to Halcon less the amount of our existing long-term debt of $202.0 million at December 31, 2011, which we expect to pay down with the proceeds from the Halcon transaction. We currently have no agreements, arrangements or understandings with respect to an acquisition of any entity or business.

Background of the Halcon Transaction

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We executed and delivered the definitive purchase agreement with Halcon on December 21, 2011. Contemporaneously with the execution of the purchase agreement, our majority stockholders executed and delivered to Halcon an agreement whereby such stockholders agreed to sign a written consent or otherwise vote in favor of approving all aspects of the Halcon transaction and related matters that require approval by our stockholders and to deliver the signed written consent to us not later than January 20, 2012. On December 22, 2011, we issued a press release announcing the transaction and filed a Form 8-K with the SEC disclosing the transaction and including the material agreements as exhibits. On January 17, 2012, we delivered to Halcon the written consent in lieu of meeting described above, whereby our majority stockholders approved the Halcon transaction, the amendments to our certificate of incorporation described under Amendments to our Certificate of Incorporation below and related matters. With the exception of Mr. Lee, who will receive severance benefits under his employment agreement, and the members of our board of directors and the outside consultant to our board who will receive the acceleration of vesting of restricted stock awards previously granted to such persons and scheduled to vest in May 2012, no stockholder signing the written consent will be entitled to receive any payment or other economic benefit in connection with the closing of the Halcon transaction.

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

Reasons for the Halcon Transaction and Board Recommendation

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

- the significant amount of new capital to be contributed by Halcon should allow us to accelerate our growth strategy with respect to our existing properties;
- the significant amount of new capital to be contributed by Halcon should allow us to participate in emerging resource plays and further broaden the geographical and economic scope of areas, plays and prospects in which we are financially capable of participating;
- the Halcon transaction will result in a substantial increase in our liquidity and will result in our being financially well positioned for growth and success without third party constraints and restrictions because, although our overall indebtedness will increase by approximately $73.0 million, our working capital will increase by approximately $325.6 million;
- Mr. Wilson, the principal member and manager of Halcon, is experienced and has a successful track record in attracting an experienced and effective management team and aggressively growing the stockholder value of energy companies;
- our board s determination that an accelerated growth strategy should be pursued as soon as practicable;
- the terms of the Halcon transaction, and our board s determination that the purchase prices for the securities were reasonable and fair to us and to our stockholders;
- the investment and growth objectives of Halcon;
- the opinion of Jefferies that, as of December 19, 2011, and based upon and subject to the various assumptions made, procedures followed, matters considered and limitations on the review undertaken as set forth in Jefferies opinion, the aggregate purchase price to be received by us under the Halcon transaction in consideration for 220,000,000 shares of our common stock, the note and the warrants was fair, from a financial point of view, to us; and
- the absence of any third party offer or proposed transaction providing comparable benefits to us, and the risk that such an alternative transaction might not be available in the foreseeable future, and that we would not have sufficient capital to fund our long-term operations and growth strategy.

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

Recent Developments

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

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

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

Jefferies Fairness Opinion

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Transaction Overview

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

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

Selected Public Company Analysis

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

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

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

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

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

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

This analysis indicated the following:

Selected Public Company Multiples

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

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

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

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

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

Selected Corporate-Level Transactions Analysis

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

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

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

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

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

This analysis indicated the following:

Selected Comparable Corporate-Level Transactions Multiples

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

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

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

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

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

Selected Asset Transactions Analysis

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

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

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

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

Selected Asset Transactions Multiples

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

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

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

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

Discounted Cash Flow Analysis

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

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

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

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

Net Asset Value Analysis

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

Premiums Paid Analysis

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

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

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

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

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

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

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

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

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

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

General

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

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

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

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

Interests of Certain Persons in the Halcon Transaction

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

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

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

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

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

Information About Halcon

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

Transaction Documents

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

- the securities purchase agreement, a copy of which is attached to this information statement as *Appendix A-1*;

- the first amendment to the securities purchase agreement, a copy of which is attached to this information statement as *Appendix A-2*;

- the 8% senior convertible note, a form of which is attached to this information statement as *Appendix B*;

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

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

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

Terms of the Purchase Agreement

Explanatory Note Regarding the Purchase Agreement

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

General

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

- 220,000,000 shares of our common stock;

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

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

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

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

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Conditions to Purchase

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Conditions to Sale

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

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

Representations and Warranties

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

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

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

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

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

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

investments;

outstanding debt;

transactions with affiliates;

employment matters;

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

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

- payment of taxes and filing of tax returns;
- title to assets;
- possession of licenses and permits;
- rights to intellectual property and other intellectual property matters;
- compliance with applicable laws;
- environmental matters and compliance with environmental laws;
- our fiscal year;
- no events that would be defaults under the terms of the convertible note;
- insurance policies;
- inapplicability of certain government regulations;
- compliance with securities laws;
- brokers;
- our filings with the SEC;
- no inquiries by the SEC;
- compliance with oil and natural gas laws, leases and practices;
- obligations to plug and abandon wells;
- royalty shares in oil and natural gas leases;

oil and natural gas leases;

timeliness of receipt of proceeds from oil and gas interests;

take-or-pay arrangements;

imbalances of production;

financial and commodity hedging;

books and records;

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

nature of our assets;

capital projects;

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

preferential rights;

no pipeline imbalances;

suspense amounts;

reversionary interests;

gathering systems and natural gas processing plants;

pipelines;

Sarbanes-Oxley Act of 2002 compliance;

absence of dissenters rights;

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

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

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

Covenants

The purchase agreement contains the following covenants and agreements:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

fail to make any contribution to any pension plans;

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

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

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

issue any debt securities;

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

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

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

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