

RAM ENERGY RESOURCES INC  
Form DEF 14A  
April 02, 2009

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**  
**(Amendment No. )**

Filed by the Registrant  Filed by a party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**RAM Energy Resources, Inc.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

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

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

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(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):

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(4) Proposed maximum aggregate value of transaction:

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- 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.

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(1) Amount Previously Paid:

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(3) Filing Party:

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(4) Date Filed:

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**RAM ENERGY RESOURCES, INC.**

**5100 East Skelly Drive, Suite 650**

**Tulsa, Oklahoma 74135**

To the Stockholders of RAM Energy Resources, Inc.:

You are cordially invited to attend the Annual Meeting of Stockholders of RAM Energy Resources, Inc. to be held on May 5, 2009, at the Doubletree Hotel at Warren Place, 6110 South Yale Avenue, Tulsa, Oklahoma 74136, commencing at 10:00 a.m., local time. We look forward to personally greeting as many of our stockholders as possible at the meeting.

The Notice of the Annual Meeting and Proxy Statement accompanying this letter provide information concerning matters to be considered and acted upon at the meeting. Immediately following the meeting, a report on our operations will be presented, including a question-and-answer and discussion period.

We know that most of our stockholders are unable to attend the Annual Meeting in person. We solicit proxies so that each stockholder has an opportunity to vote on all matters that are scheduled to come before the meeting. Whether or not you plan to attend, please take a few minutes now to sign, date and return your proxy in the enclosed postage-paid envelope. Your vote is important regardless of the number of shares you own.

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

Very truly yours,

Larry E. Lee,  
*Chairman, President and Chief Executive Officer*

April 3, 2009

**RAM ENERGY RESOURCES, INC.**

**5100 East Skelly Drive, Suite 650**

**Tulsa, Oklahoma 74135**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**May 5, 2009**

To the Stockholders of RAM Energy Resources, Inc.:

NOTICE IS HEREBY GIVEN that the 2009 Annual Meeting of Stockholders of RAM Energy Resources, Inc. will be held at the Doubletree Hotel at Warren Place, 6110 South Yale Avenue, Tulsa, Oklahoma 74136, on May 5, 2009, commencing at 10:00 a.m., local time, for the following purposes:

1. To elect one director of RAM Energy Resources, Inc., to serve for a term of three years;
2. To ratify and approve the appointment of UHY LLP as the Company's independent auditors for 2009; and
3. To transact such other business as may properly come before the meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on March 30, 2009, as the record date for the meeting, and only holders of common stock of record at such time will be entitled to vote at the meeting or any adjournment thereof.

By Order of the Board of Directors

G. Les Austin  
*Secretary*

Tulsa, Oklahoma

April 3, 2009

**EVEN IF YOU INTEND TO BE PRESENT AT THE ANNUAL MEETING, PLEASE SIGN, DATE AND RETURN THE ACCOMPANYING PROXY PROMPTLY SO THAT YOUR SHARES OF COMMON STOCK MAY BE REPRESENTED AND VOTED AT THE ANNUAL MEETING. A RETURN ENVELOPE IS ENCLOSED FOR THIS PURPOSE.**

Our Notice of Annual Meeting of Stockholders, Proxy Statement and Annual Report are available at <http://www.cstproxy.com/ramenergy/2009>.

**RAM ENERGY RESOURCES, INC.**

**5100 East Skelly Drive, Suite 650**

**Tulsa, Oklahoma 74135**

**PROXY STATEMENT**

**FOR**

**ANNUAL MEETING OF STOCKHOLDERS**

**May 5, 2009**

This proxy statement is furnished by RAM Energy Resources, Inc. in connection with the solicitation of proxies by the Board of Directors of the Company to be used at the 2009 Annual Meeting of Stockholders to be held at the time and place and for the purposes set forth in the foregoing Notice of Annual Meeting of Stockholders, and at any and all adjournments of said meeting. Unless the context otherwise requires, all references to we and us refer to RAM Energy Resources, Inc. and its subsidiaries.

**Solicitation and Revocation of Proxies and Voting**

The execution and return of the enclosed proxy will not affect your right to attend the Annual Meeting of Stockholders and to vote in person. Even if you have given a proxy, you have the power to revoke it at any time before it is exercised. You may revoke the proxy prior to its exercise by delivering written notice of revocation to our corporate Secretary, at 5100 East Skelly Drive, Suite 650, Tulsa, Oklahoma 74135, by executing a later-dated proxy, or by attending the Annual Meeting and voting in person. Properly executed proxies in the accompanying form, received in due time and not previously revoked, will be voted at the Annual Meeting or any adjournment thereof as specified therein by the person giving the proxy; however, if no specification is made, the shares represented by proxy will be voted as recommended by our Board of Directors.

We will pay the expenses of this proxy solicitation, including the cost of preparing and mailing this proxy statement and the accompanying proxy. Such expenses may also include the charges and expenses of banks, brokerage firms, and other custodians, nominees or fiduciaries for forwarding proxies and proxy materials to beneficial owners of our common stock. We expect to solicit proxies primarily by mail, but our directors, officers, employees, and agents may also solicit proxies in person or by telephone or by other electronic means. This proxy statement and accompanying proxy were first mailed to our stockholders on or about April 3, 2009.

**Quorum; Abstentions; Broker Non-Votes**

The presence, in person or by proxy, of the holders of shares of our outstanding common stock representing a majority of the total combined voting power of all of our outstanding shares of common stock entitled to vote at the Annual Meeting will constitute a quorum for the transaction of business. If a quorum is present, the election of directors will require a plurality of the votes cast by the stockholders entitled to vote thereon, present in person or represented by proxy. One director will be elected by a plurality of the votes cast by the holders of common stock. See Proposal I Election of Directors. You may, with respect to the election of a director:

vote for the election of the nominee named herein; or

withhold authority to vote for such nominee.

The ratification of the selection of UHY LLP as our independent auditors for 2009 requires the affirmative vote by holders of shares of our outstanding common stock representing a majority of the voting power of the shares present or represented by proxy at the Annual Meeting. See Proposal II Ratification of Appointment of Independent Auditors.

Abstentions and broker non-votes will be treated as present at the Annual Meeting for the purpose of determining a quorum. A broker non-vote occurs when a record owner holding shares for a beneficial owner does not vote on a particular proposal because the record owner does not have discretionary voting power under the applicable rules of The Nasdaq Stock Market with respect to such shares, and the record owner has not received

instructions from the beneficial owner. Because directors are elected by a plurality of the votes cast, abstentions and broker non-votes will not be counted in determining which nominees received the largest number of votes cast.

The ratification of the appointment of UHY LLP as our independent registered public accounting firm requires the affirmative vote of the holders of at least a majority of the shares of our common stock present in person or represented by proxy at the Annual Meeting. Abstentions will be counted in tabulating the votes for such proposal and, therefore, will have the same effect as a vote against the ratification of the appointment of UHY LLP as our independent registered public accounting firm. Broker non-votes will not be counted in tabulating the votes on the proposal.

As a matter of policy, we maintain proxies and voting tabulations that identify individual stockholders on a confidential basis. We make such documents available only to those persons who process the proxy cards, tabulate the vote and serve as inspectors of election, as well as certain of our employees responsible for the Annual Meeting. We do not disclose your vote except as may be necessary to meet legal requirements.

Only the holders of outstanding shares of our common stock of record at the close of business on March 30, 2009, are entitled to receive notice of and to vote at the Annual Meeting. On March 30, 2009, we had outstanding 79,666,994 shares of our common stock. Each share of common stock issued and outstanding on the record date is entitled to one vote on each matter to be voted upon at the Annual Meeting.

## PROPOSAL I

### ELECTION OF DIRECTORS

Our Board of Directors currently consists of four persons. Our Amended and Restated Certificate of Incorporation provides for three classes of directors. The term of each class of directors is three years, and the term of one class expires each year in rotation. The following is a list of our current directors, by class:

Term expiring in 2011	Sean P. Lane and John M. Reardon
Term expiring in 2010	Larry E. Lee
Term expiring in 2009	Gerald R. Marshall

Mr. Marshall, who currently is a director, has been nominated for election as a director at the Annual Meeting to serve for a three-year term ending in 2012. Three directors, Larry E. Lee, Sean P. Lane and John M. Reardon, will continue in office to serve pursuant to their prior appointments.

The persons named as proxies in the accompanying proxy, who have been designated as such by our Board of Directors, intend to vote, unless otherwise instructed in such proxy, for the election of Mr. Marshall. Should Mr. Marshall become unable or unwilling for any reason to stand for election as a director, the persons named in the proxy will vote for the election of such other person as our Board of Directors may propose to replace such nominee. We know of no reason why Mr. Marshall will be unavailable, unable or unwilling to serve.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT THE STOCKHOLDERS VOTE FOR THE ELECTION OF MR. GERALD R. MARSHALL AS A DIRECTOR.**

**Information Relating to Our Directors and Executive Officers**

Our Board of Directors and executive officers are:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Larry E. Lee	60	Chairman, President and Chief Executive Officer
G. Les Austin	43	Senior Vice President, Chief Financial Officer, Secretary and Treasurer
Larry G. Rampey	64	Senior Vice President
Drake N. Smiley	61	Senior Vice President
Vicky L. Lindsey	45	Vice President
Sean P. Lane	50	Director
Gerald R. Marshall	75	Director
John M. Reardon	67	Director

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

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

*Larry G. Rampey* has been an executive officer serving as our senior vice president since May 2006 and a senior vice president of RAM Energy since February 1998, previously serving as vice president of operations since May 1989. Mr. Rampey has 30 years of experience in the management of both domestic and international oil and gas properties. From 1972 until May 1989, Mr. Rampey was employed by Reading & Bates Petroleum Co., holding positions of vice president of international operations and vice president of domestic operations. Mr. Rampey was employed by Amoco prior to joining Reading & Bates. Mr. Rampey is a member of the Society of Petroleum Engineers and the Oklahoma Independent Petroleum Association. Mr. Rampey received his B.S. in Industrial Engineering from Oklahoma State University.

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



vice president of land, legal and business development of RAM Energy from February 1997 until December 1997. Mr. Smiley was employed by Reading & Bates Petroleum Co., serving as manager of land prior to joining RAM. Before Reading & Bates, he was employed by Cities Service Company. Mr. Smiley has 29 years of experience in the petroleum industry and is a member of the Oklahoma and Tulsa County Bar Associations, the Tulsa and American Associations of Petroleum Landmen and the Oklahoma Independent Petroleum Association. He is a Phi Beta Kappa graduate of the University of Missouri, where he also received his Juris Doctorate.

*Vicky L. Lindsey* joined us in November 2007 in connection with our acquisition of Ascent Energy Inc. and is our vice president-accounting and controller. Ms. Lindsey served as vice president of finance and financial controller at Ascent Energy since August 2004. She has over 20 years of accounting experience in the oil and gas industry. From May 2003 until joining Ascent, Ms. Lindsey served as controller for The Wiser Oil Company, a publicly held exploration and production company. Previously, from August 1996 to April 2003, she held the position of accounting manager for Coho Energy, Inc., a publicly held oil and gas exploitation, exploration and development company. Ms. Lindsey served in various accounting roles for Edisto Resources, Inc. from September 1986 until July 1995. Ms. Lindsey received her BBA in Accounting from Southwestern Oklahoma State University in 1986. Although Ms. Lindsey is a named executive officer for purposes of this proxy statement, she is not an executive officer as defined by the Board of Directors.

*Sean P. Lane* was appointed to our Board of Directors in May 2006. He has served as a managing member of Kinsale Advisors LLC since January 2003, providing business and risk management advisory services to companies and investors in the energy, environmental and technology industries. From May 1999 until December 2002, Mr. Lane was an executive vice president, chief administrative officer, general counsel and director of beenz.com inc. a global internet currency business. Mr. Lane served as a managing director of Liberty Power Investments, LLC, an international electric power project development, finance and acquisition firm from December 1992 until May 1999. Mr. Lane has also served as an executive of Compania Boliviana de Energia Electrica, S.A., the leading Bolivian electric utility, as well as The Henley Group, Inc., Wheelabrator Technologies, Inc. and Catalyst Energy Corporation, each a publicly traded firm with significant investments in the U.S. or international independent power and environmental industries. Previously, Mr. Lane was an attorney with the law firm of Brown & Wood (currently Sidley Austin, LLP). Prior to joining Brown & Wood, Mr. Lane worked as a legislative assistant on the staff of the United States Senate Committee on Commerce, Science and Transportation. Mr. Lane received his J.D. from Georgetown University Law Center and a Bachelor's degree in Political Economy and History from Fordham University.

*Gerald R. Marshall* was appointed to our Board of Directors in May 2006 and has been a director of RAM Energy since December 1997. Mr. Marshall was vice chairman of the Midland Group of Oklahoma City, Oklahoma, which includes Midland Mortgage Co., MidFirst Bank, Midland Asset Management Co. and Home Shield Insurance Co., from October 1996 to March 2003 and served as a director of MidFirst Bank from 1993 until March 2003, and served as its chief credit officer from October 1996 until March 2001. From 1990 until 1995, Mr. Marshall was chairman, chief executive officer and principal owner of RAM Management Associates, an asset management contractor for the Resolution Trust Corporation. From 1989 until 1990, Mr. Marshall served as a special consultant to Worthen Banking Corporation of Arkansas. From 1987 until 1989, Mr. Marshall was interim chief executive officer of an insolvent savings and loan association in Little Rock, Arkansas, pending federal resolution. From September 1984 until November 1986, Mr. Marshall served as chairman of the board and chief executive officer of Bank of Oklahoma, Oklahoma City, N.A. and from August 1981 to April 1984, Mr. Marshall served as president and chief executive officer of Goldman Enterprises, a privately owned, diversified group of companies. Prior to August 1981, Mr. Marshall served as chairman and chief executive officer of Capital Bank, N.A. of Houston, Texas and was a senior vice president of its then parent company, Mercantile Texas Corporation. Prior to 1981, Mr. Marshall served as president and director of The First National Bank and Trust Company of Oklahoma City; as executive vice president of First National Bank in Dallas, and as president of Liberty National Bank and Trust Company of Oklahoma City. Mr. Marshall received a B.A. in Finance and Accounting from the University of Oklahoma.

*John M. Reardon* was appointed to our Board of Directors in May 2006 and has served as a director of RAM Energy since October 2005. He previously was a member of the RAM Energy board from January 1998 to May 2002. Mr. Reardon was market president of Union Bank of California, in Valencia, California, from November 2002 through October 2007. From August 1994 until November 2002, Mr. Reardon was president and chief executive officer of Valencia National Bank, Santa Clarita, California. From 1991 to August 1994, Mr. Reardon was executive vice president of Ramco Oil and Gas, Inc. and RAM Management Associates, Inc. Mr. Reardon was a senior vice president of Wells Fargo Bank, Los Angeles, California from 1987 to 1991. Previously, he served as chairman, president and chief executive officer of Southwestern Bank and Trust Company, Oklahoma City; executive vice president of The First National Bank and Trust Company of Oklahoma City, Oklahoma; and vice president of Liberty National Bank and Trust Company, Oklahoma City, Oklahoma. Mr. Reardon is currently president of the board of directors of the Santa Clarita Valley Boys & Girls Club Foundation. In 2000, Mr. Reardon was presented the Entrepreneur of the Year Award by Ernst & Young and he is a life member in the Entrepreneur of the Year Award Hall of Fame. Mr. Reardon has served as a director of Gene Autry Western Heritage Museum, Los Angeles, California; as a member and officer of several committees and sub-committees of the Housing and Real Estate Finance Committee of the American Bankers Association; and as a director of the Oklahoma Bankers Association. Mr. Reardon has served on the faculty of the University of Oklahoma School of Commercial Banking; Southwestern Graduate School of Banking, Southern Methodist University, Dallas, Texas; the Real Estate Finance School and the National Commercial Lending School of the American Bankers Association; and the Secured Lending School of the Oklahoma Bankers Association. He served as Chairman of the Federal Government Relations Committee of the Oklahoma Bankers Association and as a member of the board of directors of the Chair of Banking, the College of Business of the University of Oklahoma. He has also served as an advisory director of Oklahoma State University and a member of the Oklahoma State Advisory Council of the United States Small Business Administration, and President. Mr. Reardon received a B.S. in business from Oklahoma State University and is a graduate of the Southwestern Graduate School of Banking, Southern Methodist University in Dallas, Texas.

#### **Independence of Directors**

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

#### **Board Meetings and Committees**

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

Our Board of Directors held nine meetings during 2008, including telephonic meetings, and all of our directors were in attendance at each of these meetings. Our Board of Directors also took action by written consent twice in 2008.

Our Board of Directors has established an Audit Committee, a Compensation Committee, and a Nominating and Corporate Governance Committee. In accordance with our bylaws, the Board of Directors annually elects from its members the members of each Committee.

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

The Audit Committee is composed of non-employee directors, all of whom currently meet the independence standards of The Nasdaq Stock Market and of Rule 10A-3 promulgated under the Securities Exchange Act of 1934, as amended, or the Exchange Act, as more fully described below under the caption Audit Committee Report. The Audit Committee annually considers the qualifications of our independent auditor and selects and engages our independent auditor. The Audit Committee meets quarterly with representatives of the independent auditor and is available to meet at the request of the independent auditor. During these meetings, the Audit Committee receives reports regarding our books of accounts, accounting procedures, financial statements, audit policies and procedures, internal accounting and financial controls, and other matters within the scope of the Audit Committee's duties. The Audit Committee reviews the plans for and results of audits for us and our subsidiaries. The Audit Committee reviews the independence of the independent auditor, and considers and authorizes the fees for both audit and non-audit services provided by the independent auditor. In 2008, our Audit Committee held four meetings, including telephonic meetings, and all members of our Audit Committee were in attendance at each of these meetings. The Audit Committee adopted a written charter which is available on our website at <http://www.ramenergy.com>.

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

The members of our Compensation Committee are non-employee directors who meet the independence standards of The Nasdaq Stock Market, but are eligible to participate in any of the plans or programs that the Board of Directors administers. The Compensation Committee reviews and approves the compensation of our senior executives. The Compensation Committee also administers our 2006 Long-Term Incentive Plan, or the 2006 plan, and approves restricted stock awards and other stock-based grants for our executive officers and other employees. Our Compensation Committee adopted a written charter which is available on our website at <http://www.ramenergy.com>. See Compensation Discussion and Analysis below for information regarding our compensation process. In 2008, our Compensation Committee held five meetings, including telephonic meetings, and all members of our Compensation Committee attended each meeting. Our Compensation Committee also took action by written consent three times in 2008.

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

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

We do not have any restrictions on stockholder nominations under our certificate of incorporation or bylaws. The Nominating and Corporate Governance Committee will consider stockholder nominees to be our directors. Any stockholder nominations must be received by us not less than sixty (60) days nor more than ninety (90) days prior to the annual meeting; provided however, that in the event that less than seventy (70) days notice or prior public disclosure of the date of the meeting is given or made to stockholders, notice by the stockholder, to be timely, must be received no later than the close of business on the tenth (10<sup>th</sup>) day following the day on which such notice of the date of the meeting was mailed or such public disclosure was made, whichever first occurs. Nominations should be delivered to the Nominating and Corporate Governance Committee at the following address: The RAM Energy Resources Nominating and Corporate Governance Committee, c/o Sean P. Lane, Committee Chairman, RAM Energy Resources, Inc., 5100 East Skelly Drive, Suite 650, Tulsa, Oklahoma

74135. The stockholder's nomination notice shall set forth: (i) as to each person whom the stockholder proposes to nominate for election or reelection as a director: (a) the name, age, business address and residence address of the person; (b) the principal occupation or employment and business experience of the person for at least the previous five years; (c) the class and number of shares of our capital stock which are beneficially owned by the person; and (d) any other information relating to the person that is required to be disclosed in solicitations for proxies for election of directors pursuant to the rules and regulations of the Securities and Exchange Commission, or SEC, under Section 14 of the Exchange Act; and (ii) as to the stockholder giving the notice: (a) the name and record address of the stockholder; and (b) the class and number of shares of our capital stock which is beneficially owned by the stockholder. Such submission must be accompanied by the written consent of the proposed nominee to be named as a nominee and to serve as a director, if elected. We may require any proposed nominee to furnish such other information as may reasonably be required by us to determine the eligibility of such proposed nominee to serve as a director.

Our Nominating and Corporate Governance Committee is responsible for identifying qualified candidates to be presented to our Board of Directors for nomination as directors, ensuring that our Board of Directors and our organizational documents are structured in a way that best serves our practices and objectives, and developing and recommending a set of corporate governance principles. The charter for the Nominating and Corporate Governance Committee requires that the Committee consist of no fewer than three Board members that satisfy the independence requirements of The Nasdaq Stock Market. In 2008, our Nominating and Corporate Governance Committee held five meetings, including telephonic meetings, and all members of the Committee were in attendance at each meeting. A copy of the current charter of the Nominating and Corporate Governance Committee is available on our website at <http://www.ramenergy.com>.

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

independence;

wisdom;

integrity;

an understanding and general acceptance of our corporate philosophies;

business or professional knowledge and experience that can bear on our challenges and deliberations and those of our Board of Directors;

a proven record of accomplishment with an excellent organization;

an inquiring mind;

a willingness to speak one's mind;

an ability to challenge and stimulate management; and

a willingness to commit time and energy to our business affairs.

Qualified candidates for membership as a director will be considered without regard to race, color, religion, gender, ancestry, national origin or disability.

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

The charter of our Nominating and Corporate Governance Committee provides that the Committee will evaluate our corporate governance effectiveness and recommend such revisions as it deems appropriate to improve our corporate governance. The areas of evaluation may include such matters as the size and independence requirements of our Board of Directors, Board committees, management succession and planning, and regular meetings of our non-employee directors without management in executive sessions. We do not have a policy requiring members of our Board of Directors to attend annual meetings of our stockholders. All of our directors attended our 2008 annual meeting.

Our Nominating and Corporate Governance Committee approves corporate goals and objectives for us on an annual basis, based in part on recommendations and projections furnished by management. These goals and objectives are utilized for management and corporate governance purposes and specifically not as metrics for determining compensation of our employees and executive officers. Through this process, our Nominating and Corporate Governance Committee plays an important role in focusing management on those corporate goals and objectives believed by our independent directors to be important in shaping our business priorities from year to year.

#### **Election of Directors; Voting Agreements**

In conjunction with our acquisition of Ascent Energy Inc. in 2007, certain of the former stockholders of Ascent Energy who received shares of our common stock in the merger entered into a voting agreement pursuant to which they agreed to vote their shares for the slate of directors proposed by our Board of Directors through our 2009 annual meeting. These stockholders beneficially own approximately 26% of our outstanding common stock.

#### **Stockholder Communications with the Board of Directors**

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

#### **Code of Ethics**

Our Code of Ethics, which is applicable to all directors, managers and employees, embodies our global principles and practices relating to the ethical conduct of our business and our long-standing commitment to honesty, fair dealing and full compliance with all laws affecting our business. The Code of Ethics is available on our website at <http://www.ramenergy.com>. The Code of Ethics is also available in print to any stockholder who requests it.

Our toll free Access Line, information regarding which may be found on our website at <http://www.ramenergy.com>, may also be used by employees, customers, suppliers, stockholders and other interested parties to submit confidential and anonymous reports of suspected or actual violations of our Code of Ethics relating, among other things, to:

accounting practices, internal accounting controls, or auditing matters and procedures;

theft or fraud of any amount;

insider trading;

performance and execution of contracts;

conflicts of interest;

violations of securities and antitrust laws; and

violations of the Foreign Corrupt Practices Act.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires our directors, executive officers and persons who beneficially own more than 10% of our common stock to file certain reports with the SEC concerning their beneficial ownership of our equity securities. The SEC's regulations also require that a copy of all such Section 16(a) forms filed must be furnished to us by the executive officers, directors and greater than 10% stockholders. During 2008, (i) Sabrina Gicaletto and Vicky Lindsey each failed to timely file a Form 3, (ii) Ms. Lindsey and Mr. Lee each failed to timely file one Form 4 and (iii) each of Messrs. Lane and Reardon failed to timely file two Forms 4. To our knowledge, based solely on a review of the copies of such forms and amendments thereto received by us with respect to 2008, all other Section 16(a) filing requirements were timely met.

**Compensation Committee Interlocks and Insider Participation**

At December 31, 2008, our Compensation Committee consisted of Sean P. Lane, Gerald R. Marshall and John M. Reardon. No member of the Compensation Committee was one of our officers or employees, or an officer or employee of any of our subsidiaries at any time during 2008, and no member of our Compensation Committee had any relationship requiring disclosure in this proxy statement.

## SECURITY OWNERSHIP OF

## CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information regarding the beneficial ownership of our common stock as of March 30, 2009 by:

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

each of our named executive officers;

each of our directors; and

all our current executive officers and directors as a group.

Name and Address of Beneficial Owner	Number of Shares	Percent of Class(1)
Larry E. Lee(2)(3)	12,680,187	15.9%
Britani Talley Bowman(4)(5)	10,917,419	13.7%
G. Les Austin(2)	200,000	*
John M. Longmire(2)(6)	87,300	*
Larry G. Rampey(2)	310,880	*
Drake N. Smiley(2)	305,880	*
Vicky L. Lindsey(2)	94,000	*
Gerald R. Marshall(2)	50,000	*
John M. Reardon(2)	157,946	*
Sean P. Lane(7)	50,500	*
Jefferies & Company, Inc.(8)	17,124,998	21.5%
All directors and current executive officers as a group (7 individuals)	14,016,580	17.6%

\* Less than 1%

- (1) The outstanding shares of common stock used to determine the percentage of shares beneficially owned by the designated stockholders do not include approximately 275,000 shares of our common stock issuable upon the exercise of outstanding unit purchase options, and 2,592,526 shares that may be granted by us as awards under our 2006 plan.
- (2) The business address of this person is 5100 E. Skelly Drive, Suite 650, Tulsa, Oklahoma 74135.
- (3) Includes 10,625,000 shares owned by family trusts for the benefit of Mr. Lee's family.
- (4) Ms. Bowman's business address is 3155 East 86 Street, Tulsa, Oklahoma 74137.
- (5) These shares are held by Danish Knights, A Limited Partnership. Ms. Bowman beneficially owns 98.5% of Danish Knights and is the custodian for a 1.3% interest owned by her minor child. Dannebrog Corporation, the general partner of Danish Knights, owns the remaining 0.2% interest. Ms. Bowman is the president and sole director of Dannebrog Corporation. Accordingly, Ms. Bowman exercises voting and dispositive power over all shares held by Danish Knights.
- (6) Resigned as our chief financial officer effective April 1, 2008 and as our senior vice president effective July 1, 2008 and is no longer an officer. The number of shares reflects Mr. Longmire's ownership as of July 1, 2008.
- (7) Mr. Lane's business address is 122 E. 42nd Street, Suite 2308, New York, NY 10168.
- (8) Reflects shares beneficially owned by (i) Jefferies & Company, Inc. ( *Jefferies* ), (ii) Jefferies Group, Inc. ( *Jefferies Group* ), (iii) Jefferies High Yield Trading, LLC ( *Trading* ) and (iv) Jefferies High Yield Holdings, LLC ( *Holdings* ). The business address of Jefferies and Jefferies Group is 520 Madison Ave., 12<sup>th</sup> Floor, New York, NY 10022. The business address of Trading and Holdings is The Metro Center, One Station Place, Three North, Stamford, Connecticut 06902. Beneficial ownership among these parties is as follows:



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Jefferies may be deemed to be the beneficial owner of 17,124,998 shares of our stock. This number consists of (i) 2,170,945 shares of our stock held for its own account, and (ii) 14,954,053 shares of our stock held for the account of Trading.

Jefferies Group may be deemed to be the beneficial owner of 17,124,998 shares of our stock. This number consists of (i) 2,170,945 shares of our stock held for the account of Jefferies, and (ii) 14,954,053 shares of our stock held for the account of Trading.

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

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

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

#### **CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS**

Brandon Lee, the son of our chairman, president and chief executive officer, serves as our Manager of Business Development. Total compensation paid to Brandon Lee as a result of base salary, bonus, award grants under our 2006 plan, and other benefits totaled \$171,048 in 2008.

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

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

#### **Compensation Discussion and Analysis**

##### *Overview of Compensation Program*

Our Board of Directors has overall responsibility for establishing compensation for our directors and executive officers. Our Board of Directors has delegated to the Compensation Committee of the Board the responsibility for establishing, implementing and continually monitoring adherence with our compensation philosophy with respect to our executive officers. The Committee ensures that the total compensation paid to our executive officers is fair, reasonable and competitive. Throughout this proxy statement, the individuals who served as our chief executive officer and chief financial officer during fiscal 2008, as well as the other individuals included in the Summary Compensation Table provided below, are referred to as our named executive officers. With the exception of our president and chief executive officer, Larry E. Lee, and our chief financial officer, G. Les Austin, the types of compensation and benefits provided to our named executive officers are similar to those provided to other executive officers. Compensation and benefits provided to Messrs. Lee and Austin are controlled by their employment agreement or arrangement described below.

##### *Compensation Philosophy and Objectives*

The Committee believes that the most effective executive compensation program is one designed to obtain and retain our key executives, reward longevity of employment, reward the achievement of annual, long-term and strategic goals, align the executives' interests with those of the stockholders and ultimately improve stockholder value. The Committee evaluates both performance and compensation to ensure we maintain our

ability to attract and retain superior employees in key positions and that compensation provided to our key employees remains competitive relative to the compensation paid to similarly situated executives of our peer companies. To that end, the Committee believes executive compensation packages provided to our executives, including our named executive officers, should include both cash and stock-based compensation. In November, 2007, the Committee specifically reviewed its philosophy concerning the grant of equity awards under our 2006 plan, as follows:

our most important asset is a highly educated, well-trained, experienced and dedicated management, professional and support staff;

in the current environment in the oil and natural gas exploration and production industry, attracting and retaining top quality management, professional and support staff is more competitive than ever;

in order to build and preserve this most important asset, we must offer attractive compensation and equity-based incentives to our key management, professional and support staff;

equity-based awards create an identity of interest between our key employees and our stockholders; and

equity-based awards incentivize award recipients to give their best efforts toward maximizing the value of our oil and gas assets and controlling costs, thereby providing the circumstances most likely to result in stock price natural appreciation for the benefit of all equity holders.

The Committee also renewed its commitment to granting equity-based awards in the form of restricted stock rather than stock options or other types of equity-based awards available under the 2006 plan because:

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

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

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

The Committee confirmed this philosophy when considering cash and stock-based compensation in 2008. In making its compensatory decisions, the Committee noted that we had met substantially all of the goals and objectives set by our Nominating and Corporate Governance Committee for calendar year 2008, including, but not limited to:

a significant increase in total production over the prior year;

the execution of our business plan, substantially as projected;

compliance with all financial ratios and other covenants under our senior secured credit facility;

development of a plan for transition of all accounting functions to our Plano office;

development of a risk management plan;

development of a succession plan for senior officers;

integration of Ascent and its properties into ours; and

the timely filing of all SEC and Nasdaq reports.

Although we had obtained this financial and operating success, as well as a resulting increase in our intrinsic value and that of our assets, the Committee recognized that our stock price had declined precipitously at the end of 2008. The Committee determined that the cause of this decline was not due to the actions of management, but rather to:

the current worldwide economic crisis and the resulting slowdown in the United States economy evidencing the early stages of a recession that may last through calendar year 2009;

the resulting reduction in worldwide demand for oil and natural gas, resulting in the realization of lower prices for our oil and natural gas;

the continuing dysfunction in worldwide capital and credit markets; and

the irrational behavior of the stock market, without regard to the intrinsic value of companies whose stock prices have been driven to unimaginable lows.

Recognizing the decline in the current market value of our common stock, the Committee determined that bonuses paid for 2008 should not exceed bonuses awarded to our officers in 2007.

#### *Role of Executive Officers in Compensation Decisions*

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

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

#### *Setting Executive Compensation*

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

In its reports, Pearl Meyer provided the Committee with relevant market data and alternatives to consider when making both cash compensation and equity-based compensation decisions for our executive officers, and in making recommendations to our Board of Directors for cash compensation and equity-based awards to our non-employee directors. The reports included a competitive salary analysis of general industry and energy compensation surveys showing market average salaries for executive officers and directors in companies similar to ours. Utilizing in part this report, the Committee approved the increase in Mr. Lee's and our other executive officers' base salaries, the granting of a cash bonus to Mr. Lee and our other executive officers for services provided in 2008 and made recommendations to our Board of Directors regarding director compensation, which recommendations subsequently were approved.

#### *2008 Executive Compensation Components*

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

maintain competitive levels of compensation in order to retain key employees due to the continuing competitive environment in the energy industry;



reward key employees for job performance over the past year;

recognize longevity as an important aspect of the officer ranks, which results in more predictable leadership and more efficient and productive employees throughout our organization;

provide incentive to continue the provision of high-level job performance; and

in all matters involving compensation of our officers and employees, to be fair to the officers and employees on the one hand, and to our stockholders on the other hand, by setting compensation in a manner that aligns the interests of the parties with the ultimate goal of enhancing our long-term performance.

For the fiscal year ended December 31, 2008, the principal components of compensation for our named executive officers were:

base salary;

performance-based incentive compensation; and

perquisites and other personal benefits.

When selecting the components and amounts of compensation for 2008, the Compensation Committee specifically intended to reward key employees for excellent job performance and long work hours over the past year, during which we accomplished substantially all of the goals and objectives set by the Nominating and Corporate Governance Committee discussed above. The Committee also intended to provide incentives going forward into a year in which we expect increasing challenges relating to our operations and financial condition as a result of the current worldwide economic crisis and dysfunction in the credit and capital markets.

#### *Base Salary*

We provide our named executive officers and other employees with base salary to compensate them for services rendered during the fiscal year. Base salary ranges for our named executive officers are determined for each executive based on his or her position and responsibility by using market data and by performance evaluations. Base salary ranges are designed so that salary opportunities for a given position generally will be within the 50<sup>th</sup> percentile of the market salary surveyed.

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

market data provided by our outside consultant;

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

individual performance of the executive.

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

#### *Performance-Based and Incentive Compensation*

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Performance-based and incentive compensation may be paid in the form of cash bonuses, grants of restricted stock, share units, stock options, stock appreciation rights, performance units and performance bonuses, or some combination of these awards. In granting these awards, the Committee may establish any conditions or restrictions it deems appropriate. Stock-based awards will generally vest between one and five years after the date of the grant. An exception was our accelerated vesting of Mr. Cox's restricted stock on April 4, 2008, described below. Ownership of restricted stock granted under our 2006 plan by our named executive officers is set forth under the heading Security Ownership of Certain Beneficial Owners and Management.



All stock-based awards under our 2006 plan are made at the market price of our common stock at the time of the award. The Committee may grant awards of stock options or restricted stock awards to executives at any regularly scheduled or special meeting. The grant date of any stock option or restricted stock award will be determined in accordance with FAS 123(R).

The following table sets forth awards granted under our 2006 plan in 2008:

<b>Named Executive Officers</b>	<b>Shares</b>
Larry G. Rampey	50,000
Drake N. Smiley	45,000
G. Les Austin	100,000
John M. Longmire	
Vicky L. Lindsey	50,000
	245,000
<b>Other Officers and Directors</b>	<b>265,000</b>
<b>Non-Officer Employees</b>	<b>594,800</b>
<b>Total</b>	<b>1,104,800</b>

See Grants of Plan-based Awards in 2008 and Director Compensation for more information about award grants to our named executive officers and directors.

John Cox, a former senior vice president, secretary and treasurer, died on March 23, 2008. In recognition of his service to the Company, and because of his untimely death, he never had the opportunity to participate in an increase in our real equity value to which he contributed, our Compensation Committee accelerated the vesting of his restricted shares which remained unvested at the time of his death. As a result of this action, 95,336 shares of restricted stock vested effective April 4, 2008.

In November 2008, after considering the information provided by Pearl Meyer & Partners and reviewing Mr. Lee's recommendations, the Compensation Committee approved the grant of restricted stock awards to our employees for 1,092,000 shares of our common stock, with such awards to be effective January 1, 2009. The grants included awards of 609,000 shares to officers, and 483,000 shares to managers and other designated employees. The awards are subject to a four-year vesting schedule commencing January 1, 2010. The market price of our common stock on December 31, 2008, the first trading day preceding the grant date, was \$0.88 per share.

The following table sets forth performance-based cash bonuses awarded in 2008:

<b>Named Executive Officers</b>	<b>Cash Bonus</b>
Larry E. Lee	\$ 400,000
Larry G. Rampey	165,000
Drake N. Smiley	150,000
G. Les Austin	125,000
John M. Longmire	
Vicky L. Lindsey	56,000
	\$ 896,000
<b>Other Officers</b>	<b>\$ 373,500</b>
<b>Non-Officer Employees</b>	<b>\$ 1,799,735</b>
<b>Total</b>	<b>\$ 3,069,235</b>



During 2008, the Committee did not use specific financial or operational targets to determine awards of incentive compensation. The Committee did, however, discuss implementing specific financial or operational targets in its deliberations of future incentive compensation. However, the nature of the oil and natural gas industry makes targets difficult, because many of the components of financial and operational targets tend to be outside of management's control. These components include commodity prices, availability of drilling and service equipment, and drilling and completion schedules under the control of third parties, among others.

#### *Retirement and Other Benefits*

Our 401(k) Profit Sharing Plan is a tax-qualified retirement savings plan pursuant to which all employees, including the named executive officers, are able to contribute the lesser of up to 100% of their annual salary or the limit prescribed by the Internal Revenue Service to the plan on a before-tax basis. In 2006, we elected to match 100% of each employee's contribution to the plan. For 2007, 2008 and 2009, our Compensation Committee determined that we would make a safe harbor match of 100% of employee contributions up to 6% of the employee's salary. All contributions to the plan as well as any matching contributions are fully vested upon contribution.

#### *Perquisites and Other Personal Benefits*

We provide our executive officers with perquisites and other personal benefits that we believe are reasonable and consistent with our overall compensation program to better enable us to attract and retain superior employees for key positions. The Committee periodically reviews the levels of perquisites and other personal benefits provided to our executive officers. The perquisites provided to our named executive officers are set forth in footnotes 12 and 13 of the Summary Compensation Table below. Attributed costs of the personal benefits for the named executive officers for the fiscal year ended December 31, 2008 are included in column (i) and footnote 12 of the Summary Compensation Table below.

#### *Executive Employment Agreements and Arrangements*

*Larry E. Lee.* In connection with the consummation of our merger with RAM Energy in May 2006, we entered into an employment agreement with Larry E. Lee, under the terms of which Mr. Lee serves as our president and chief executive officer. The initial term of the employment agreement was three years. Pursuant to an amendment to the employment agreement effective March 24, 2009, the term of the employment agreement was extended through April 30, 2011. The employment agreement, as amended, provides that Mr. Lee will receive an annual base salary of not less than \$500,000. In addition, we pay the annual premium on a term life insurance policy owned by Mr. Lee, the costs of his annual physical examinations, and certain country club dues and expenses. Mr. Lee also may be awarded a bonus for any fiscal year during the employment term, either pursuant to an incentive compensation plan maintained by us or as otherwise may be determined by our Board of Directors.

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

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

On December 12, 2008, the Compensation Committee met to discuss and determine the amount, if any, of the bonus to be paid to Mr. Lee for job performance during 2008. Consideration was given to the Pearl Meyer report. The Committee noted that while compensation paid to chief executive officers of peer group companies should not be the determinative factor in fixing Mr. Lee's compensation, information concerning peer group compensation is useful for purposes of determining industry norms. Additional factors considered by the Committee concerning Mr. Lee's job performance during 2008 included the following:

we achieved significant increases over the prior year in production, EBITDA and free cash flow;

we fully integrated the Ascent properties and personnel;

we successfully completed our planned and budgeted non-acquisition capital expenditure program for 2008, except during the 4<sup>th</sup> quarter where cutbacks were required due to the unprecedented drop in commodity prices;

we retired by payment in full our outstanding 11 1/2% Senior Notes issued in 1998;

we, exclusively through Mr. Lee's efforts, selected and hired Les Austin as our new senior vice president and chief financial officer, as successor to John Longmire upon Mr. Longmire's mid-year retirement;

we completed or made significant progress toward achieving all of the goals and objectives set by our Nominating and Corporate Governance Committee for the current year;

we received approximately \$86 million as a capital infusion upon exercise of our outstanding warrants;

we maintained compliance with all of the covenants under our senior secured credit facility, thereby preserving an enormously valuable asset as the economy worsens and credit markets become tighter;

we, solely through the efforts and foresight of Mr. Lee, put in place a hedging policy that will preserve cash flow for a significant portion of our future production through 2011 at prices well above current commodities futures prices; and

Mr. Lee was the face of the Company once again during 2008, participating in seven (7) investor and industry conferences and taking the lead in all our earnings and investor conference calls.

The Committee noted the decline in the market price of our common stock during the last part of 2008. The Committee determined, consistent with published articles by experts in the field of executive compensation, that an increase or decrease in stock price over a short period, such as one year, should not be the determinative factor in fixing executive compensation, for the reason that stock price does not necessarily reflect the increase or decrease in the intrinsic value of a company over a short period. The Committee determined that our intrinsic value increased considerably in 2008, primarily as a result of the transactions engineered by Mr. Lee, which increase is likely to be reflected in the stock price at some point in the future. Accordingly, stock price alone was not determinative of the granting of, or the amount of, a bonus for Mr. Lee's job performance during 2008.

The Committee recognized that Mr. Lee owns or has dispositive power with respect to more than 12.6 million shares of our common stock, or approximately 16% of our outstanding shares. The Committee concurred with the conclusion in the Pearl Meyer report that under such circumstances, long term equity grants would offer little incentive to Mr. Lee. Accordingly, the Committee determined that Mr. Lee's bonus for 2008 should be paid entirely in cash. The Committee determined that, while Mr. Lee's job performance during the current year would, under normal circumstances, qualify him to receive a substantial cash bonus, perhaps significantly in excess of the \$450,000 target bonus which for planning purposes had been accrued on our books over the current year, in light of the current economic situation, including the recent decline in

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commodity prices and the outlook for 2009, and the effect such would have on our stock price, and the range of bonuses the Committee approved for other officers of the Company, the Committee determined that it would not be appropriate to grant Mr. Lee a year-end bonus at the accrued target level. Accordingly, the Committee approved a cash bonus to Mr. Lee in the amount of \$400,000, which was paid in 2009. The bonus, when combined with his

base salary, resulted in Mr. Lee's total direct compensation for 2008 being below the 50<sup>th</sup> percentile of peer group companies in the Pearl Meyer report.

*G. Les Austin.* Effective April 1, 2008, G. Les Austin became our senior vice president, chief financial officer, treasurer and secretary. Pursuant to a compensation arrangement, we paid Mr. Austin a base salary in 2008 of \$187,500, based on an annual base salary of \$250,000 per annum, and a cash bonus for 2008 of \$125,000, 40% of which was paid in 2008 and 60% of which was paid in 2009. Effective April 1, 2008, we granted Mr. Austin a restricted stock award of 100,000 shares of our common stock, which shall vest in four equal installments commencing on January 1, 2009, and in November 2008, we granted Mr. Austin an additional 100,000 restricted stock awards effective January 1, 2009, vesting in four equal installments commencing January 1, 2010. We also provide Mr. Austin (i) a term life insurance policy providing a death benefit of \$700,000 during the term of his employment, (ii) substantially the same perquisites provided to our other senior vice presidents, and (iii) certain protections against our change of control. These protections are described below under the heading Potential Payments Upon Termination or Change of Control.

#### *Tax and Accounting Implications*

The Committee reviews and considers the deductibility of executive compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended, or the Code, which provides that we may not deduct compensation of more than \$1,000,000 paid to certain individuals in any taxable year. We believe compensation paid by us is generally fully deductible for federal income tax purposes. However, in certain situations, the Committee may approve compensation that will not meet these requirements in order to ensure competitive levels of total compensation for our executive officers. For fiscal 2008, all amounts paid to our named executive officers were deductible.

Beginning on January 1, 2006, we began accounting for stock-based payments including grants and awards under our 2006 plan in accordance with the requirements of FAS 123(R).

#### **Compensation Committee Report**

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

THE COMPENSATION COMMITTEE

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

March 30, 2009

**Summary Compensation Table**

The table below summarizes the total compensation paid to or earned by each of the named executive officers for the fiscal year ended December 31, 2008. Substantially all of the compensation paid to our president and chief executive officer, Larry E. Lee, and our chief financial officer, G. Les Austin, result from the terms of their employment agreement or arrangement. We have not entered into any employment agreements with any of the other named executive officers.

Based on the fair value of equity awards granted to our named executive officers in 2008 and the base salary of the named executive officers, salary accounted for approximately 39% of the total compensation of the named executive officers, bonus incentive compensation accounted for approximately 27%, stock awards accounted for 29% and other compensation accounted for 5% of the total compensation of the named executive officers. The table below reflects compensation paid to Messrs. Lee, Longmire, Rampey and Smiley while executive officers of RAM Energy, Inc. prior to our acquisition of it on May 8, 2006, as well as amounts paid by us after the acquisition date.

(a) Name and Principal Position	(b) Year	(c) Salary (\$)	(d) Bonus (\$)	(e) Stock awards \$(11)	(i) All other compensation \$(12)	(j) Total (\$)
Larry E. Lee President and Principal Executive Officer	2008	\$ 495,833	\$ 400,000(1)	\$	\$ 85,580	\$ 981,413
	2007	450,000	600,000(1)		88,784	1,138,784
	2006	450,000	350,000(1)		227,345	1,027,345
G. Les Austin(2)	2008	187,500	125,000(5)	488,000	21,831	822,331
Senior Vice President and Principal Financial Officer						
John M. Longmire(3)	2008	240,000			19,759	259,759
Senior Vice President and Principal Financial Officer	2007	222,500	150,000(6)(7)	106,400	27,468	506,368
	2006	190,000	100,000(8)(9)	672,000	34,003	996,003
Larry G. Rampey	2008	288,333	165,000(5)	251,000	25,560	729,893
	2007	262,500	165,000(6)(7)	418,000	27,512	873,012
Senior Vice President	2006	212,500	100,000(8)(9)	672,000	36,977	1,021,497
Drake N. Smiley	2008	266,333	150,000(5)	225,900	29,666	668,899
	2007	237,500	150,000(6)(7)	418,000	26,012	831,512
Senior Vice President	2006	195,000	100,000(8)(9)	672,000	39,265	1,066,265
Vicky L. Lindsey(4)	2008	160,000	276,000(10)	231,850	22,827	690,677
Vice President Accounting and Controller	2007	160,000			464,361(13)	624,361
	2006	140,250	70,000(8)			210,250

- (1) A bonus of \$400,000 was earned in 2008 and paid to Mr. Lee in 2009. A bonus of \$600,000 was earned in 2007 and paid to Mr. Lee in 2008, and \$200,000 of Mr. Lee's 2006 bonus was paid to Mr. Lee in 2007.
- (2) Mr. Austin was hired effective April 1, 2008.
- (3) Mr. Longmire resigned as principal financial officer effective April 1, 2008 and as senior vice president effective July 1, 2008 and is no longer an officer.
- (4) Ms. Lindsey joined us in November 2007. All compensation paid to Ms. Lindsey in 2006 and for eleven (11) months in 2007 was paid by Ascent Energy Inc.
- (5) These amounts represent bonuses earned in 2008 and paid in 2009. Mr. Austin received 40% in 2008 and the remainder in 2009.
- (6) These amounts represent bonuses earned in 2007 and paid in 2008.
- (7) While not earned in 2007, each of Messrs. Longmire, Rampey and Smiley received a bonus of \$25,000 in 2007 as the final payment of the bonuses awarded in 2005. The deferred bonus payments are not reflected on the bonus amounts in column (d).
- (8) These amounts represent bonuses earned in 2006 and paid in 2007.





- (9) While not earned in 2006, deferred bonuses of \$50,000 were paid in 2006 to each of Messrs. Longmire, Rampey and Smiley as a result of Deferred Bonus Compensation Plan awards granted by RAM Energy in 2004 and 2005. The deferred bonus payments are not reflected in the bonus amounts in column (d).
- (10) A retention bonus of \$220,000 was paid to Ms. Lindsey in July 2008 as part of the Ascent Energy Inc. acquisition. A performance bonus of \$56,000 was earned in 2008 and paid in 2009.
- (11) The amounts in column (e) reflect the dollar amount recognized for financial statement reporting purposes for the fiscal years ended December 31, 2008, 2007 and 2006, in accordance with FAS 123(R) of restricted stock awards pursuant to our 2006 plan.
- (12) All other compensation consists of the elements summarized in the table below. The amounts reflect compensation in 2008, each as calculated in accordance with Internal Revenue Service guidelines included as compensation on the IRS Form W-2 of the named executive officers who receive such benefits. Income taxes on certain amounts are also reimbursed by us and included on applicable officer's W-2. For our president and chief executive officer, in accordance with his employment agreement, includes an annual premium of \$19,850 for a \$5.0 million life insurance policy.

Name	401(k) Match	Executive Life Policy	Personal Use of Company Vehicles or Allowance	Country Club Dues	Other	Total
Larry E. Lee	20,500	19,850	26,761	9,658	8,811	85,580
G. Les Austin	7,500	2,103	12,228			21,831
John M. Longmire	7,200		12,559			19,759
Larry G. Rampey	17,300		8,260			25,560
Drake N. Smiley	15,800	1,232	12,634			29,666
Vicky L. Lindsey	9,630	35	13,162			22,827

- (13) Ms. Lindsey was paid \$220,000 on November 30, 2007, by Ascent Energy Inc. in settlement of her employment agreement with Ascent. Ms. Lindsey also received \$244,361 for payment by the Ascent Energy Inc. employee incentive plan.

**Grants of Plan-Based Awards In 2008**

(a) Name	(b) Grant Date	(i) All Other Stock Awards: Number of Shares of Stock or Units (#) (1)	(j) All Other Option Awards: Number of Securities Underlying Options (#)
Larry E. Lee			
G. Les Austin	4/1/08	100,000(2)	
Larry G. Rampey	1/1/08	50,000(3)	
John M. Longmire			
Drake N. Smiley	1/1/08	45,000(3)	
Vicky L. Lindsey	1/1/08 & 11/7/08	50,000(4)	

- (1) The amounts shown in column (i) reflect the number of shares of restricted stock granted to each named executive officer pursuant to our 2006 plan.
- (2) These restricted stock grants vest in equal increments annually over a four-year period from the date of grant. The market price of the shares of our common stock on the date of grant was \$4.88 per share.
- (3) These restricted stock grants vest in equal increments annually over a four-year period from the date of grant. The market price of the shares of our common stock on the first trading day preceding the date of grant was \$5.02 per share.
- (4) This restricted stock grant includes 45,000 shares granted on January 1, 2008 and 5,000 shares granted on November 7, 2008. Both vest in equal increments annually over a four-year period commencing January 1, 2009. The market price of the shares of our common stock on the first trading day preceding the January 1, 2008 grant date was \$5.02 and on the date of the November 7, 2008 grant was \$1.19 per share.



**Outstanding Equity Awards at Fiscal Year-end**

(a)	Stock Awards	
	(i) Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested	(j) Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested
<b>Name</b>		
Larry E. Lee		
G. Les Austin	100,000	\$ 488,000
Larry G. Rampey	130,000	585,400
John M. Longmire		
Drake N. Smiley	125,000	560,300
Vicky L. Lindsey	50,000	231,850
<b>Option Exercises and Stock Vested</b>		

(a)	Stock Awards	
	(d) Number of Shares Acquired on Vesting (#)	(e) Value Realized on Vesting (\$)
<b>Name</b>		
Larry E. Lee		\$
G. Les Austin		
Larry G. Rampey	13,580	64,505
John M. Longmire	20,000	95,000
Drake N. Smiley	13,580	64,505
Vicky L. Lindsey		

**Potential Payments Upon Termination or Change of Control**

Our employment agreements with Messrs. Lee and Austin obligate us to pay certain separation benefits to them in the event of termination of such executive's employment or upon a change of control. In addition, effective March 10, 2009, we adopted a separation benefit plan entitled the Change in Control Separation Benefit Plan of RAM Energy Resources, Inc, and Participating Subsidiaries, or the 2009 CIC Plan. The 2009 CIC Plan provides certain separation benefits to our senior vice presidents and our vice presidents, as well as the senior vice presidents and vice presidents of our affiliates. The terms of the 2009 CIC Plan are described below.

*Mr. Lee's Employment Agreement.* The amount of separation benefits payable to Larry E. Lee, as set forth in his employment agreement, upon voluntary termination, termination for cause, termination for good reason and termination in the event of disability or death is shown below. The amounts shown assume that such termination is effective as of April 30, 2009, and thus includes amounts earned through such time and are estimates of the amounts which would be paid out to Larry E. Lee upon his termination. The actual amounts to be paid out can only be determined at the time of his separation from us.

The term *disability* means disability (either physical or mental) which (i) materially and adversely affects Mr. Lee's ability to perform his duties required of his office, and (ii) at least 26 weeks after its commencement, is determined to be total and permanent by a physician selected by us or our insurers and acceptable to Mr. Lee or his legal representative. The term *cause* means termination for one of the following reasons:

the conviction of Mr. Lee of a felony by a federal or state court of competent jurisdiction;

an act or acts of dishonesty taken by Mr. Lee and intended to result in substantial personal enrichment of Mr. Lee at our expense; or

Mr. Lee's failure to follow a direct, reasonable and lawful written order from the Board of Directors, within the reasonable scope of his duties, which failure is not cured within 30 days.

The term "good reason" means:

the assignment to Mr. Lee of any material duties inconsistent in any respect with his position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by the employment agreement;

any other action taken by us which results in a diminution in Mr. Lee's position, compensation, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which we remedy within ten (10) days after receipt of notice thereof given by Mr. Lee;

any material failure by us to otherwise perform our obligations under the employment agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which we remedy within ten (10) days after receipt of notice thereof given by Mr. Lee;

our requiring Mr. Lee to be based at any office or location other than that described in the employment agreement, except for periodic travel reasonably required in the performance of his responsibilities;

any purported termination by us of Mr. Lee's employment otherwise than as expressly permitted by the employment agreement; or

any failure by us to cause any successor entity to assume our obligations to Mr. Lee under the employment agreement.

*Payments Made Upon Termination Other Than for Cause, Death or Disability, or by Mr. Lee for Good Reason*

In the event Mr. Lee is terminated for reasons other than cause, death or disability, or Mr. Lee complies with the requirements to permit him to resign, and he does resign, for good reason:

we will be obligated to pay to Mr. Lee in a lump sum payment the following amounts:

his annual base salary through the date of termination to the extent not already paid;

the highest bonus paid to Mr. Lee during his employment term for a full fiscal year, pro rated for that portion of the year of termination in which Mr. Lee is employed by us;

an amount equal to 200% of Mr. Lee's base salary in effect on the date of termination;

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any deferred compensation and accrued vacation pay;

if Mr. Lee qualifies for accelerated vesting of stock options, restricted stock awards or other employee benefits, but the acceleration would adversely affect the tax status of the plan or other participants in the plan, an amount equal to the benefit he would receive had accelerated vesting occurred; and

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 option rights under any benefit plan and the payment of the gross-up amount;

all of Mr. Lee's stock options and restricted stock awards will vest (to date, Mr. Lee has not received a grant of stock options or restricted stock awards); and

Mr. Lee and his family, if applicable, may continue to participate in any welfare benefit plan offered by us through the term of the employment agreement to the same extent as if Mr. Lee continued to be employed by us through the full term of the employment agreement.

*Payments Made Upon Termination for Cause or by Mr. Lee for other than Good Reason*

In the event Mr. Lee is terminated for cause, or Mr. Lee resigns for other than good reason, we have no further obligations to Mr. Lee other than a lump sum payment of the following amounts:

his annual base salary through the date of termination to the extent not already paid;

any deferred compensation; and

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 and the payment of the gross-up amount.

*Payments Made Upon Death or Disability*

In the event of Mr. Lee's death or disability:

we will be obligated to pay to Mr. Lee in a lump sum payment the following amounts:

his annual base salary through the date of termination to the extent not already paid;

the bonus paid to Mr. Lee for the last full fiscal year, pro rated for that portion of the year of termination during which year Mr. Lee is employed by us;

an amount equal to Mr. Lee's base salary in effect on the date of termination for the lesser of twelve (12) months or the remaining term of the employment agreement;

any deferred compensation and accrued vacation pay;

if Mr. Lee qualifies for accelerated vesting of stock options, restricted stock awards or other employee benefits, but the acceleration would adversely affect the tax status of the plan or other participants in the plan, an amount equal to the benefit he would receive had accelerated vesting occurred; and

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 option rights under any benefit plan and the payment of the gross-up amount; and

all of Mr. Lee's stock options and restricted stock awards will vest (to date, Mr. Lee has not received a grant of stock options or restricted stock awards).



The following table shows the potential payments upon termination of Mr. Lee's employment with us as set forth in his employment agreement.

Executive Benefits and Payments Upon Separation	Voluntary Termination Without Good Reason	Voluntary Termination With Good Reason	Involuntary Not For Cause Termination	For Cause Termination	Disability	Death
Compensation:						
Base Salary(1)	\$	\$ 1,000,000	\$ 1,000,000	\$	\$ 500,000	\$ 500,000
Bonus		200,000	200,000		133,333	133,333
Benefits & Perquisites:						
Stock Awards						
Health and Welfare Benefits(2)		27,000	27,000			
Excise Tax and Gross-Up						
Accrued Vacation Pay(3)						
<b>Total</b>	<b>\$</b>	<b>\$ 1,227,000</b>	<b>\$ 1,227,000</b>	<b>\$</b>	<b>\$ 633,333</b>	<b>\$ 633,333</b>

(1) Assumes termination as of April 30, 2009 and all salary due and payable, and all matching contributions pursuant to our 401(k) plan to that date have been paid.

(2) Average monthly cost is \$1,125, with approximately 24 months remaining under the term of the employment agreement.

(3) Mr. Lee has no accrued vacation pay.

Payments of separation benefits may be delayed if (i) Mr. Lee is a specified employee within the meaning of Section 409A of the Code (Section 409A) as of the date of his separation from service and (ii) the amount of any separation benefits payable to him are subject to Section 409A. In such instance, the separation benefits will not be paid to Mr. Lee until six months after the date of separation from service (or, if earlier, the date of his death). Any delayed payment will be paid in a single lump sum in cash on the first day of the seventh month following Mr. Lee's separation from service (or, if earlier, upon his death).

#### Mr. Austin's Compensation Arrangement

If, during the first three years of Mr. Austin's employment with us, either (i) his employment is terminated (in a manner that constitutes a separation from service under Section 409A) by us other than for cause or (ii) a change of control occurs, and upon such change of control or within six months thereafter, his employment with us is terminated (in a manner that constitutes a separation from service under Section 409A) either (y) by us other than for cause, or (z) by him for good reason, then we must pay to Mr. Austin as a severance benefit an amount equal to the sum of:

his then current base salary; plus

a bonus payment equal to the average of his three then most recent annual cash bonuses.

In the event a termination event occurs before Mr. Austin has received his first annual cash bonus, the bonus payment will be deemed to be \$125,000.

The term change of control means any change in the composition of our board of directors such that the incumbent directors comprise less than one-half of the membership of our Board. The term incumbent directors means those persons currently serving as our directors, any person selected by the current directors to replace a director who dies, resigns or is removed as a director (and any such person shall thereafter be deemed to be a



current director), or any person nominated by the current directors, or whose nomination is supported by the current directors, and who thereafter is elected by the stockholders as a director (and any such person shall thereafter be deemed to be a current director).

The term "cause" means:

conviction of a felony;

an act or acts of dishonesty intended to result in personal enrichment at our expense; or

failure to follow a reasonable and lawful order from our chief executive officer or the Board, within the reasonable scope of his duties and responsibilities, which failure is not cured within ten (10) days after notice.

The term "good reason" means the termination by Mr. Austin of his employment within the period ending six (6) months following a change of control for any of the following events, unless he has consented in writing to such event:

a material diminution of his base annual salary;

his assignment of any duties materially inconsistent with his position as chief financial officer (including status, offices, titles, and reporting requirements), or any material diminution of his authority, duties, or responsibilities, other than an isolated, insubstantial, or inadvertent action not taken in bad faith and which we remedy promptly after receipt of notice from Mr. Austin; or

any required relocation of his principal office to a location more than fifty (50) miles from Tulsa, Oklahoma.

The following table shows the potential payments upon termination of Mr. Austin's employment with us as provided in his compensation arrangement:

	Change of Control Event	Involuntary Not For Cause Termination
<b>Executive Benefits and Payments Upon Separation</b>		
Base Salary(1)	\$ 250,000	\$ 250,000
Bonus	125,000	125,000
Accruals(2)	9,659	9,659
Total	\$ 384,659	\$ 384,659

(1) Assumes termination as of April 30, 2009 and all salary due and payable, and all matching contributions pursuant to our 401(k) plan have been paid.

(2) Accrued vacation balance payable as of April 30, 2009.

Mr. Austin's employment arrangement contemplated the adoption of the 2009 CIC Plan, and includes specific provisions that address potential differences in the payment of change of control separation benefits. If circumstances under which the change of control separation benefit payable to Mr. Austin in the 2009 CIC Plan are substantially similar to the circumstances specified under his employment agreement, then the provisions of the 2009 CIC Plan will control. If, however, events subsequently occur that would have entitled Mr. Austin to the payment of change of control separation benefits under his employment agreement that are greater than those payable under the 2009 CIC Plan, we must make a cash payment to Mr. Austin equal to the increase in benefits payable. Assuming a termination as of April 30, 2009, the severance benefit payable to Mr. Austin under the 2009 CIC Plan would be greater than the benefit payable under his employment agreement.

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Any payments of separation benefits may be delayed to ensure compliance with Section 409A in the same manner as described above under Mr. Lee's employment agreement.

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*Change in Control Separation Benefit Plan of RAM Energy Resources, Inc, and Participating Subsidiaries*

We adopted the 2009 CIC Plan to assure that we will have the continued dedication of each of our senior vice presidents and vice presidents ( Executives ), notwithstanding the possibility, threat, or occurrence of a change in control. Our Board believed it was important to diminish the inevitable distraction of these executives by virtue of the personal uncertainties and risks created by a pending or threatened change in control, and to encourage these executive s full attention and dedication to our affairs during the term of the 2009 CIC Plan and upon the occurrence of such event. Our Board also believed that we are best served by providing these executives with compensation arrangements upon a change in control which provide these executives with individual financial security and which are competitive with those of other corporations. The principal provisions of the 2009 CIC Plan are as follows.

*Reasons for Termination of Employment of an Executive*

*Termination Upon Death or Becoming Disabled.* An Executive s employment shall terminate immediately upon the Executive s death and we will have no further obligation under the 2009 CIC Plan to the deceased Executive or such Executive s legal representatives. If the Executive s employment is terminated due to the Executive becoming disabled, we will have no further obligation under the 2009 CIC Plan to the Executive or such Executive s legal representatives. The term disabled means, with respect to any Executive, that (i) such Executive has received disability payments under our long-term disability plan for a period of three months or more, or (ii) based upon the written report of a mutually agreeable qualified physician designated by us and the Executive or the Executive s representative, our Compensation Committee determines, in accordance with Section 409A, that the Executive has become physically or mentally incapable of performing the Executive s essential job functions with or without reasonable accommodation or job protection as required by law for a continuous period expected to last not less than twelve months.

*Termination by the Company; Cause.* We may terminate an Executive s employment at any time whether with or without cause. For purposes of the 2009 CIC Plan, cause means the termination of Executive s employment due to:

the failure of the Executive to perform in any material respect the Executive s prescribed duties to us (other than any such failure resulting from the Executive becoming disabled);

the commission by the Executive of a wrongful act that caused or was reasonably likely to cause damage to us;

an act of gross negligence, fraud, unfair competition, dishonesty or misrepresentation in the performance of the Executive s duties on our behalf;

the conviction of or the entry of a plea of nolo contendere by the Executive to any felony or the conviction of or the entry of a plea of nolo contendere to any offense involving dishonesty, breach of trust or moral turpitude; or

a breach of the Executive s fiduciary duty involving personal profit.

If we terminate the Executive s employment for cause within the year following a change in control (the Change in Control Period ), then such termination for cause shall not be effective for purposes of determining that the Executive is not entitled to payment of the separation benefit under the 2009 CIC Plan unless and until two-thirds of the Board adopt a resolution approving the termination of the Executive for cause, following notice and an opportunity to the Executive to be heard at a meeting called by the Board to discuss the Executive s employment.

For purposes of the 2009 CIC Plan, a change in control shall be deemed to have occurred as of the first day that any one or more of the following conditions shall have been satisfied:

at the close of business day next following the day on which we learn of the acquisition by any unaffiliated person of beneficial ownership, within the meaning of Rule 13d-3 promulgated under the Exchange Act, of 50% or more of the then outstanding shares of our common stock;



at any time the incumbent directors (defined below) shall cease for any reason to constitute a majority of our Board;

upon the consummation of a reorganization, merger or consolidation, or a sale or other disposition of all or substantially all of our assets, with certain limited exceptions where our stockholders continue to control the resulting entity (or the entity which purchases our assets) and the incumbent directors control the board of the resulting entity (or the entity which purchases our assets); or

approval by our stockholders of a plan of complete liquidation or dissolution.

The incumbent directors are the members of the Board on the date of adoption of the 2009 CIC Plan, together with any person who hereafter becomes our director and whose election or nomination for election was approved by a vote of at least a majority of the incumbent directors (including directors so appointed or elected by incumbent directors) then on the Board; provided, however, that no individual initially elected or nominated as our director as a result of an actual or threatened election contest (as described in Rule 14a-11 under the Exchange Act) or other actual or threatened solicitation of proxies or consents by or on behalf of any person other than the Board, including by reason of any agreement intended to avoid or settle any such election contest or solicitation of proxies or consents, shall be deemed an incumbent director.

*Termination by the Executive; Good Reason.* The Executive may terminate the Executive's employment at any time whether with or without good reason. The term "good reason" means the termination by the Executive of the Executive's employment during the Change in Control Period for any of the following events, unless the Executive has consented in writing to such event:

any material diminution in the Executive's annual base salary;

the assignment to the Executive of any duties materially inconsistent with the Executive's position (including status, offices, titles, and reporting requirements), authority, duties, or responsibilities, other than an isolated, insubstantial, or inadvertent action not taken in bad faith and which we remedy promptly after receipt of notice from the Executive;

any failure by us to require any successor or assignee to assume the obligations under the 2009 CIC Plan; or

any relocation of the Executive's principal office to a location more than fifty (50) miles from the Executive's principal office prior to such relocation.

No termination of employment for good reason shall be effective for purposes of determining that the Executive is entitled to payment of the separation benefits under the 2009 CIC Plan unless (i) following receipt of proper notice, we fail to either cure the offending cause or notify the Executive of our intended method of cure, and (ii) the Executive timely delivers a notice of termination.

*Termination Prior to a Change in Control.* If we terminate the Executive's employment other than for cause, the Executive's death or the Executive becoming disabled, and a change in control occurs within six (6) months following the date of termination, then for purposes determining eligibility for payment of the separation benefits under the 2009 CIC Plan, such change in control shall be deemed to have occurred immediately prior to the date of termination if either (i) the date of termination occurs following the execution of an agreement (including a letter of intent) that provides for a transaction that subsequently is consummated and constitutes such change in control, or (ii) the Executive reasonably demonstrates that such termination was effected in connection with, or in anticipation of, such change in control.

#### *Separation Benefits Upon Termination of the Executive under the 2009 CIC Plan*

*Accrued Obligations.* Upon any termination of the Executive's employment for any reason, we will pay the Executive any unpaid portion the Executive's annual base salary through the date of termination and any accrued, unused vacation through the date of termination (the "Accrued Obligations").

*Termination for Good Reason; Other Than for Cause, Death, or Becoming Disabled.* If during the Change in Control Period (i) we terminate the Executive's employment other than for cause, the Executive's death, or the Executive becoming disabled, or (ii) the Executive terminates the Executive's employment for good reason, then we will, in addition to the payment of the Accrued Obligations, pay the following separation benefits to the Executive:

If the Executive is a vice president, we will pay the Executive a lump sum in cash equal to one times the sum of the greater of (x) the Executive's annual base salary as of the date of termination, and (y) the Executive's annual base salary at any time during the one-year period before the change in control.

If the Executive is a senior vice president, we will pay the Executive a lump sum in cash equal to two times the sum of the greater of (x) the Executive's annual base salary as of the date of termination, and (y) the Executive's annual base salary at any time during the one-year period before the change in control.

We will also provide the Executive:

with limited exceptions and 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.

*Cause; Other than for Good Reason.* If during the Change in Control Period the Executive's employment is terminated for cause, or by reason of death or disability, or the Executive terminates the Executive's employment without good reason, then the Executive shall have no further rights and we will have no further obligations to the Executive under the 2009 CIC Plan, other than for payment of the Accrued Obligations.

The following tables show the potential separation benefits to be paid upon termination of our named executive officers other than Messrs. Lee and Longmire, who are not eligible for separation benefits under the 2009 CIC Plan.

**G. Les Austin**

Executive Benefits and Payments Upon Separation	Termination For Cause, Death, Disability or Without Good Reason	Termination With Good Reason, or Other Than For Cause, Death or Disability
Base Salary(1)	\$	\$ 500,000
Health and Welfare Benefits(2)		20,250
Accruals(3)	9,659	9,659
Total	\$ 9,659	\$ 529,909

- (1) Assumes termination as of April 30, 2009 and all salary due and payable and all matching contributions pursuant to our 401(k) plan to that date have been paid.
- (2) Average monthly cost is \$1,125.
- (3) Accrued vacation balance payable as of April 30, 2009.



**Larry G. Rampey**

	Termination For Cause, Death, Disability or Without Good Reason	Termination With Good Reason, or Other Than For Cause, Death or Disability
<b>Executive Benefits and Payments Upon Separation</b>		
Base Salary(1)	\$	\$ 590,000
Health and Welfare Benefits(2)		20,250
Accruals(3)	116,156	116,156
Total	\$ 116,156	\$ 726,406

- (1) Assumes termination as of April 30, 2009 and all salary due and payable and all matching contributions pursuant to our 401(k) plan to that date have been paid.
- (2) Average monthly cost is \$1,125.
- (3) Accrued vacation balance payable as of April 30, 2009. This balance represents accrued exceptions to our policy of permitting a maximum of 240 hours of vacation time to be carried over to subsequent years. Exceptions were granted due to Mr. Rampey's inability to use vacation within a given year because of workload requirements. All exceptions to our carry-over policy were approved by our president and chief executive officer. No further exceptions will be authorized.

**Drake N. Smiley**

	Termination For Cause, Death, Disability or Without Good Reason	Termination With Good Reason, or Other Than For Cause, Death or Disability
<b>Executive Benefits and Payments Upon Separation</b>		
Base Salary(1)	\$	\$ 540,000
Health and Welfare Benefits(2)		20,250
Accruals(3)	107,740	107,740
Total	\$ 107,740	\$ 667,990

- (1) Assumes termination as of April 30, 2009 and all salary due and payable and all matching contributions pursuant to our 401(k) plan to that date have been paid.
- (2) Average monthly cost is \$1,125.
- (3) Accrued vacation balance payable as of April 30, 2009. This balance represents accrued exceptions to our policy of permitting a maximum of 240 hours of vacation time to be carried over to subsequent years. Exceptions were granted due to Mr. Smiley's inability to use vacation within a given year because of workload requirements. All exceptions to our carry-over policy were approved by our president and chief executive officer. No further exceptions will be authorized.

**Vicky L. Lindsey**

	Termination For Cause, Death, Disability or Without Good Reason	Termination With Good Reason, or Other Than For Cause, Death or Disability
<b>Executive Benefits and Payments Upon Separation</b>		
Base Salary(1)	\$	\$ 160,000



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Health and Welfare Benefits(2)				20,250
Accruals(3)		17,846		17,846
Total		\$ 17,846	\$	198,096

- (1) Assumes termination as of April 30, 2009 and all salary due and payable and all matching contributions pursuant to our 401(k) plan to that date have been paid.
- (2) Average monthly cost is \$1,125.

- (3) Accrued vacation balance payable as of April 30, 2009. This balance represents accrued exceptions to our policy of permitting 180 hours of vacation time to be carried over to subsequent years. Exceptions were granted due to Ms. Lindsey's inability to use vacation in 2008 because of workload requirements. All exceptions to our carry-over policy were approved by our president and chief executive officer. Any payments of separation benefits may be delayed to ensure compliance with Section 409A in the same manner as described above under Mr. Lee's employment agreement.

### Director Compensation

Our Board of Directors determines all cash and non-cash compensation paid to our directors. We use a combination of cash and stock-based incentive compensation to attract and retain qualified candidates to serve on our Board of Directors. The Compensation Committee reviewed the Director Compensation Review prepared by Pearl Meyer & Partners that reflected that our independent directors are paid significantly less than directors of peer group companies, both in total cash compensation and in equity grants. The Compensation Committee noted that because each of our independent directors is a committee chair, and each member serves on each Board committee, the independent members of our Board of Directors have considerably more responsibility than the average director on a much larger board. The Committee also noted that because we have such a small Board in comparison with the peer group, our overall Board compensation burden is substantially less than the peer group. After consideration of these and other factors, effective for 2008 and future years, we intend to pay our independent directors at least the median compensation reflected in the Pearl Meyer report, as follows:

Cash compensation of the following:

an annual base retainer of \$35,000;

a meeting fee of \$1,000 per meeting attended for all in person and telephonic meetings of the Board and each Board Committee, subject to a \$15,000 per year cap on meeting fees;

an additional annual retainer of \$15,000 for the Chairman of the Audit Committee;

an additional annual retainer of \$7,500 for the Chairman of the Compensation Committee; and

an additional annual retainer of \$7,500 for the Chairman of the Nominating and Corporate Governance Committee; and

Annual long-term incentive grants in the form of restricted stock or other equity-based awards, to be determined on an annual basis. On May 8, 2008, we granted restricted stock awards of 15,000 shares to each of Messrs. Lane, Marshall and Reardon. The market price of the shares of our common stock on the date of grant was \$5.11 per share. All of the shares granted vest on May 8, 2009.

The table below summarizes the compensation paid by us to independent directors for the fiscal year ended December 31, 2008.

(a) Name	(b) Fees Earned or Paid in Cash (\$)	(c) Stock Awards \$(1)	(f) All Other Compensation \$(2)	(g) Total
Sean P. Lane	\$ 55,625	\$ 76,050	\$ 0	\$ 131,675
Gerald R. Marshall	\$ 62,500	\$ 76,050	\$ 0	\$ 138,550
John M. Reardon	\$ 55,625	\$ 76,050	\$ 0	\$ 131,675

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- (1) The amounts reflect the dollar amount recognized for financial reporting purposes for the fiscal year ended December 31, 2008 in accordance with FAS 123(R).
- (2) The value of perquisites did not exceed \$10,000.

### **2006 Long-Term Incentive Plan**

The purposes of our 2006 plan are to promote our growth and profitability, to provide our executives, directors and other employees, and persons who, by their position, ability and diligence are able to make important contributions to our growth and profitability, with an incentive to assist us in achieving our long-term corporate objectives, to attract and retain executives and other employees of outstanding competence, and to provide such persons with an opportunity to acquire an equity interest in us.

Under our 2006 plan, we may grant restricted stock, stock options, stock appreciation rights or other awards to any of our directors, officers or full-time employees or those of our subsidiaries, and to any independent contractors and consultants who by their position, ability and diligence are able to make important contributions to our future growth and profitability. Generally, all classes of our employees are eligible to participate in our 2006 plan.

Our 2006 plan currently provides that a maximum of 6,000,000 shares of our common stock may be issued in conjunction with awards granted under our 2006 plan. At April 1, 2009, 2,592,526 shares of our common stock remained available for awards to be granted under our 2006 plan. Awards that are forfeited under the 2006 plan will again be eligible for issuance as though the forfeited awards had never been issued. Similarly, awards settled in cash will not be counted against the shares authorized for issuance upon exercise of awards under the 2006 plan.

#### *Administration*

The Compensation Committee of our Board of Directors administers our 2006 plan. The members of our Compensation Committee serve at the pleasure of our Board of Directors. With respect to stock options or restricted stock awards to be made to any of our directors, the Compensation Committee will make recommendations to our Board of Directors as to:

which of such persons should be granted options or restricted stock;

the terms of proposed grants or awards of options or restricted stock to those selected by our Board of Directors to participate;

the exercise price for options; and

any limitations, restrictions and conditions upon any option grants or restricted stock awards.

Any award of restricted stock or grant of options to any of our directors under our 2006 plan must be approved by our Board of Directors, and such award cannot exceed 20,000 shares per annum.

In connection with the administration of our 2006 plan, the Compensation Committee, with respect to options and restricted stock and other awards to be made to any officer, employee or consultant who is not one of our directors, will:

determine which employees and other persons will be granted options or restricted stock under our 2006 plan;

grant the options or restricted stock awards to those selected to participate;

determine the exercise price for options; and

prescribe any limitations, restrictions and conditions upon any option grants or restricted stock awards.

In addition, our Compensation Committee will:

interpret our 2006 plan; and

make all other determinations and take all other actions that may be necessary or advisable to implement and administer our 2006 plan.

*Types of Awards*

Our 2006 plan permits the Compensation Committee to make several types of awards and grants, the principal types of which are awards of shares of restricted stock, the grant of options to purchase shares of our common stock, and awards of stock appreciation rights, or SARs.

*Restricted Stock.* Restricted shares of our common stock may be granted under our 2006 plan subject to such terms and conditions, including forfeiture and vesting provisions, and restrictions against sale, transfer or other disposition as our Board of Directors or the Compensation Committee may determine to be appropriate at the time of making the award. In addition, our Board of Directors or the Compensation Committee may direct that share certificates representing restricted stock be inscribed with a legend as to the restrictions on sale, transfer or other disposition, and may direct that the certificates, along with a stock power signed in blank by the employee, be delivered to and held by us until such restrictions lapse. Our Board of Directors or the Compensation Committee, in its discretion, may provide for a modification or acceleration of shares of restricted stock in the event of a change in control, death or permanent disability of the employee, or for such other reasons as our Board of Directors or the Compensation Committee may deem appropriate in the event of the termination of employment of the covered employee.

*Stock Options.* Stock options are contractual rights entitling an optionee who has been granted a stock option to purchase a stated number of shares of our stock at an exercise price per share determined at the date of the grant. Options are evidenced by stock option agreements with the respective optionees. The exercise price for each stock option granted under our 2006 plan will be determined by our Board of Directors or the Compensation Committee at the time of the grant. Either our Board of Directors or the Compensation Committee will also determine the duration of each option; however, no option may be exercisable more than ten years after the date the option is granted. Within the foregoing limitations, either our Board of Directors or the Compensation Committee may, in its discretion, impose limitations on the exercise of all or some options granted under our 2006 plan, such as specifying minimum periods of time after grant during which options may not be exercised. Our 2006 plan also contains provisions for our Board of Directors or Compensation Committee to provide for acceleration of the right of an individual employee to exercise his or her stock option or restricted stock award in the event we experience a change of control. No cash consideration is payable to us in exchange for the grant of options.

Our 2006 plan provides that the stock options may either be Incentive Stock Options within the meaning of Section 422 of the Code, or the Non-Qualified Options, which are stock options other than Incentive Stock Options within the meaning of Sections 82 and 421 of the Code.

*Incentive Stock Options.* Incentive Stock Options may be granted only to our employees or employees of our subsidiaries, and must be granted at a per share option price not less than the fair market value of our common stock on the date the Incentive Stock Option is granted. In the case of an Incentive Stock Option granted to a stockholder who owns shares of our outstanding stock of all classes representing more than 10% of the total combined voting power of all of our outstanding stock of all classes entitled to vote in the election of directors, the per share option price may not be less than 110% of the fair market value of one share of our common stock on the date the Incentive Stock Option is granted and the term of such option may not exceed five years. As required by the Code, the aggregate fair market value, determined at the time an Incentive Stock Option is granted, of our common stock with respect to which Incentive Stock Options may be exercised by an optionee for the first time during any calendar year under all of our incentive stock option plans may not exceed \$100,000. The maximum number of shares of our common stock underlying Incentive Stock Options granted under our 2006 plan may not exceed 2,400,000.

*Non-Qualified Options.* Non-Qualified Options are stock options which do not qualify as Incentive Stock Options. Non-Qualified Options may be granted to our consultants and independent contractors, as well as to our employees. The exercise price for Non-Qualified Options will be determined by the Compensation Committee at the time the Non-Qualified Options are granted, but may not be less than 75% of the fair market value of our common stock on the date the Non-Qualified Option is granted. Non-Qualified Options are not subject to any of the restrictions described above with respect to Incentive Stock Options. Incentive Stock Options and Non-Qualified Options are treated differently for federal income tax purposes as described below under Tax Treatment.

The exercise price of stock options may be paid in cash, in whole shares of our common stock, in a combination of cash and our common stock, or in such other form of consideration as our Board of Directors or the Compensation Committee may determine, equal in value to the exercise price. However, only shares of our common stock which the optionee has held for at least six months on the date of the exercise may be surrendered in payment of the exercise price for the options.

*Stock Appreciation Rights.* Awards of stock appreciation rights, which we refer to as SARs, entitle the recipient to receive a payment from us equal to the amount of any increase in the fair market value of the shares of our common stock subject to the SAR award between the date of the grant of the SAR award and the fair market value of these shares on the exercise date. Our 2006 plan provides for payment in the form of shares of our common stock or cash.

#### *Transferability*

Restricted stock awards and awards of SARs are not transferable during the restriction period. Incentive Stock Options are not transferable other than by will or by the laws of descent and distribution. Non-Qualified Stock Options are transferable on a limited basis. In no event may a stock option be exercised after the expiration of its stated term.

#### *Termination*

Rights to restricted stock, SARs and stock options which have not vested will generally terminate immediately upon the holder's termination of employment with us or any of our subsidiaries for any reason other than retirement with our consent, disability or death. Our Board of Directors or the Compensation Committee may determine, at the time of the grant, that a holder's stock option agreement may contain provisions permitting the optionee to exercise the stock options for a specified period after such termination, or for any period our Board of Directors or the Compensation Committee determines to be advisable after the optionee's employment terminates by reason of retirement, disability, death, termination without cause, or following a change in control. Incentive Stock Options will, however, terminate no more than three months after termination of the holder's employment, twelve months after termination of the holder's employment due to disability and three years after termination of the holder's employment due to death. Our Board of Directors or the Compensation Committee may permit a deceased holder's stock options to be exercised by the holder's executor or heirs during a period acceptable to our Board of Directors or the Compensation Committee following the date of the optionee's death but such exercise must occur prior to the expiration date of the stock option.

#### *Dilution; Substitution*

Our 2006 plan provides protection against substantial dilution or enlargement of the rights granted to holders of restricted stock and options in the event of stock splits, recapitalizations, mergers, consolidations, reorganizations or similar transactions. New option rights may, but need not, be substituted for the stock options granted under our 2006 plan, or our obligations with respect to stock options outstanding under our 2006 plan may, but need not, be assumed by another corporation in connection with any merger, consolidation, acquisition,

separation, reorganization, sale or distribution of assets, liquidation or like occurrence in which we are involved. In the event that our 2006 plan is assumed, the stock issuable upon the exercise of stock options previously granted under our 2006 plan will thereafter include the stock of the corporation granting such new option rights or assuming our obligations under the 2006 plan.

#### *Amendment*

Our Board of Directors may amend our 2006 plan at any time. However, without stockholder approval, our 2006 plan may not be amended in a manner that would increase the number of shares that may be issued under our 2006 plan, extend the term of our 2006 plan, or otherwise disqualify our 2006 plan for coverage under Rule 16b-3 promulgated under the Exchange Act. Restricted stock or stock options previously granted under our 2006 plan may not be impaired or affected by any amendment of our 2006 plan, without the consent of the affected grantees.

#### *Accounting Treatment*

Under current generally accepted accounting principles with respect to the financial accounting, when we make a grant of restricted stock, an amount equal to the fair market value of the restricted stock at the date of grant is charged to our compensation expense over the period of the restriction. The value of any stock option as of the date of grant will likewise be charged to our compensation expense over the vesting period of the option. Upon the grant of stock options to our employees under our 2006 plan, we would recognize compensation expense to the extent that the exercise price for the stock options granted is less than the fair market value of the covered stock on the date of grant. The cash we receive upon the exercise of stock options would be reflected as an increase in our capital. No additional compensation expense will be recognized at the time stock options are exercised.

Due to consideration of the accounting treatment of restricted stock awards and stock options by various regulatory bodies, it is possible that the present accounting treatment may change.

#### *Tax Treatment*

The following is a brief description of the federal income tax consequences, under existing law, with respect to restricted stock and stock options that may be granted as awards under our 2006 plan.

*Restricted Stock.* A recipient of restricted stock generally will not recognize any taxable income until the shares of restricted stock become freely transferable or are no longer subject to a substantial risk of forfeiture. At that time, the excess of the fair market value of the restricted stock over the amount, if any, paid for the restricted stock is taxable to the recipient as ordinary income. If a recipient of restricted stock subsequently sells the shares, he or she generally will realize capital gain or loss in the year of such sale in an amount equal to the difference between the net proceeds from the sale and the price paid for the stock, if any, plus the amount previously included in income as ordinary income with respect to such restricted shares.

A recipient has the opportunity, within certain limits, to fix the amount and timing of the taxable income attributable to a grant of restricted stock. Section 83(b) of the Code permits a recipient of restricted stock, which is not yet required to be included in taxable income, to elect, within 30 days of the award of restricted stock, to include in income immediately the difference between the fair market value of the shares of restricted stock at the date of the award and the amount paid for the restricted stock, if any. The election permits the recipient of restricted stock to fix the amount of income that must be recognized by virtue of the restricted stock grant. We will be entitled to a deduction in the year the recipient is required (or elects) to recognize income by virtue of receipt of restricted stock, equal to the amount of taxable income recognized by the recipient.



*Incentive Stock Options.* An optionee will not realize any taxable income upon the grant or the exercise of an Incentive Stock Option. However, the amount by which the fair market value of the shares covered by the Incentive Stock Option (on the date of exercise) exceeds the option price paid will be an item of tax preference to which the alternative minimum tax may apply, depending on each optionee's individual circumstances. If the optionee does not dispose of the shares of our common stock acquired by exercising an Incentive Stock Option within two years from the date of the grant of the Incentive Stock Option or within one year after the shares are transferred to the optionee, when the optionee later sells or otherwise disposes of the stock, any amount realized by the optionee in excess of the option price will be taxed as a long-term capital gain and any loss will be recognized as a long-term capital loss. We generally will not be entitled to an income tax deduction with respect to the grant or exercise of an Incentive Stock Option.

If any shares of our common stock acquired upon exercise of an Incentive Stock Option are resold or disposed of before the expiration of the prescribed holding periods, the optionee would realize ordinary income instead of capital gain. The amount of the ordinary income realized would be equal to the lesser of (i) the excess of the fair market value of the stock on the exercise date over the option price; or (ii) in the case of a taxable sale or exchange, the amount of the gain realized. Any additional gain would be either long-term or short-term capital gain, depending on whether the applicable capital gain holding period has been satisfied. In the event of a premature disposition of shares of stock acquired by exercising an Incentive Stock Option, we would be entitled to a deduction equal to the amount of ordinary income realized by the optionee.

*Non-Qualified Options.* An optionee will not realize any taxable income upon the grant of a Non-Qualified Option. At the time the optionee exercises the Non-Qualified Option, the amount by which the fair market value, at the time of exercise, of the shares covered by the Non-Qualified Option exceeds the option price paid upon exercise will constitute ordinary income to the optionee in the year of such exercise. We will be entitled to a corresponding income tax deduction in the year of exercise equal to the ordinary income recognized by the optionee. If the optionee thereafter sells such shares, the difference between any amount realized on the sale and the fair market value of the shares at the time of exercise will be taxed to the optionee as a capital gain or loss, short- or long-term depending on the length of time the stock was held by the optionee before sale.

## PROPOSAL II

### RATIFICATION OF APPOINTMENT OF INDEPENDENT AUDITORS

UHY LLP was reappointed by the Audit Committee of our Board of Directors as our independent auditors for 2009. UHY is registered with the Public Company Accounting Oversight Board.

UHY representatives are expected to attend the 2009 annual meeting. They will have an opportunity to make a statement if they desire to do so and will be available to respond to appropriate stockholder questions.

Stockholder ratification of the selection of UHY as our independent auditors is not required by our bylaws or otherwise. However, we are submitting the selection of UHY to our stockholders for ratification as a matter of good corporate practice. If our stockholders fail to ratify the selection, the Audit Committee will reconsider whether or not to retain UHY. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent audit firm at any time during the year if it is determined that such a change would be in our best interests and the best interests of our stockholders.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE RATIFICATION OF THE APPOINTMENT OF THE FIRM OF UHY LLP AS INDEPENDENT AUDITORS FOR RAM ENERGY RESOURCES, INC. FOR THE YEAR 2009.**

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**Information Relating to Our Independent Registered Public Accounting Firm**

UHY LLP has served as our independent public accountants for our fiscal years ended December 31, 2006, 2007 and 2008, and will serve as our independent public accountants for 2009.

**Audit Fees**

Audit fees billed to us during the fiscal years ended December 31, 2007 and December 31, 2008 for audit or review of our annual financial statements and the effectiveness of our internal control over financial reporting, and review those financial statements included in our quarterly reports on Form 10-Q, totaled \$713,077 for 2007 and \$660,000 for 2008.

UHY LLP acts as our principal independent registered public accounting firm. Through and as of March 11, 2009, UHY LLP had a continuing relationship with UHY Advisors, Inc. ( Advisors ) from which it leased auditing staff who were full-time, permanent employees of Advisors and through which UHY LLP's partners provided non-audit services. UHY LLP has only a few full-time employees. Therefore, few, if any, of the audit services performed were provided by permanent, full-time employees of UHY LLP. UHY LLP manages and supervises the audit services and audit staff, and is exclusively responsible for the opinion rendered in connection with its examination of our financial statements and our internal control over financial reporting.

**Audit-Related Fees**

Audit-related fees billed to us during our fiscal years ended December 31, 2007 and December 31, 2008 for assurance and related services reasonably related to the audit or review of our financial statements, but not otherwise disclosed under the heading Audit Fees above, totaled \$73,933 for 2007 and \$14,000 for 2008.

**Tax Fees**

No tax fees were billed to us by UHY LLP during our fiscal years ended December 31, 2007 or December 31, 2008 for tax compliance, tax advice or tax planning.

**All Other Fees**

There were no other fees billed to us during our fiscal years ended December 31, 2007 and December 31, 2008 related to other non-audit services.

The Audit Committee has determined that the provision of non-audit services by UHY LLP did not impact the independence of that firm, and was compatible with maintaining such auditor's independence.

The Audit Committee approves in advance all audit and non-audit services to be performed for us by our independent accountants. This included the performance of the following services by UHY in 2008:

professional services rendered for the audit of our annual financial statements;

review of our quarterly financial statements;

audit services related to the effectiveness of our internal control over financial reporting; and

review of regulatory filings incorporating our annual or interim financial statements.

The Audit Committee pre-approved services which represented the following percentages of fees billed in each category in 2007 and 2008:

	2007	2008
Audit-Related Fees	100.0%	100.0%
All Other Fees	100.0%	100.0%

#### **Audit Committee Report**

The Audit Committee of the Board of Directors of RAM Energy Resources, Inc. (the Company) is responsible for providing independent, objective oversight and review of the Company's accounting functions and internal controls. The Audit Committee is comprised of three non-employee directors. The Audit Committee is governed by a written charter adopted and approved by the Company's Board of Directors in May 2006. The Company's Board of Directors determined that all members of the Audit Committee are independent under The Nasdaq Stock Market listing standards, and that Gerald R. Marshall is an audit committee financial expert, as defined by SEC rules.

The responsibilities of the Audit Committee include the engagement of a public accounting firm to serve as the Company's independent auditors. The Audit Committee also, as appropriate, reviews and evaluates, and discusses and consults with the Company's management, its internal audit personnel and its independent accountants, regarding the following:

the plan for, and the independent accountants' report on, each audit of the Company's financial statements;

the Company's financial disclosure documents, including all financial statements and reports filed with the SEC or sent to its stockholders, as well as the adequacy of its internal accounting controls, and accounting, financial and auditing personnel;

changes in the Company's accounting practices, principles, controls or methodologies, or in its financial statements, and recent developments in accounting rules; and

the establishment and maintenance of an environment at the Company that promotes ethical behavior.

The Company's Audit Committee Charter provides, among other things, that the Audit Committee must pre-approve all audit and non-audit services to be provided by the Company's independent auditors. The Audit Committee reviewed the Audit Committee Charter and, after appropriate review and discussions, the Audit Committee determined that it had fulfilled its responsibilities under the Audit Committee Charter.

The Audit Committee is responsible for recommending to the Company's Board of Directors that the Company's financial statements be included in its annual report. The Audit Committee took a number of steps in making this recommendation for 2008. First, the Audit Committee discussed with UHY LLP, the Company's independent auditors for 2008, those matters required to be discussed by SAS 61 (Codification of Statements on Auditing Standards, AU § 380), including information concerning the scope and results of the audit. These communications and discussions are intended to assist the Audit Committee in overseeing the financial reporting and disclosure process. Second, the Audit Committee discussed UHY's independence with UHY and received the written disclosures and the letter from UHY regarding its independence as required by the applicable requirements of the Public Company Accounting Oversight Board regarding UHY's communications with the Audit Committee concerning its independence. This discussion and disclosure informed the Audit Committee of UHY's independence, and assisted the Audit Committee in evaluating such independence. The Audit Committee also concluded that UHY's provision of non-audit services to the Company is compatible with UHY's independence. Finally, the Audit Committee reviewed and discussed, with the Company's management and with UHY, the Company's audited consolidated balance sheets at December 31, 2008, and the related consolidated statements of income, stockholders' equity and cash flows for the year ended December 31, 2008. Based on the

discussions with UHY concerning the audit, the independence discussions, the financial statement review and additional matters deemed relevant and appropriate by the Audit Committee, the Audit Committee recommended to the Company's Board of Directors that the Annual Report on Form 10-K of RAM Energy Resources, Inc., for its fiscal year ended December 31, 2008, include these financial statements.

AUDIT COMMITTEE

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

March 30, 2009

**OTHER INFORMATION**

**Availability of Form 10-K and Annual Report to Stockholders**

We are required to provide an annual report to our stockholders who receive this proxy statement. We will also provide copies of the annual report to brokers, dealers, banks, voting trustees and their nominees for the benefit of their beneficial owners of record. Additional copies of our annual report are available without charge to our stockholders upon written request to our Secretary. You may review our filings with the SEC by visiting our website at <http://www.ramenergy.com>.

**Stockholder Proposals for 2010**

Our 2010 Annual Meeting of Stockholders is expected to be held on or about May 5, 2010, and proxy materials in connection with that meeting are expected to be mailed on or about April 2, 2010. In order to be included in our proxy materials for our 2010 Annual Meeting, we must receive stockholder proposals prepared in accordance with the proxy rules on or before December 1, 2009.

Any such proposal should be addressed to the Secretary, RAM Energy Resources, Inc., 5100 East Skelly Drive, Suite 650, Tulsa, Oklahoma 74135. Upon receipt of any such proposal, we will determine whether or not to include such proposal in the proxy statement for our 2010 Annual Meeting of Stockholders in accordance with applicable law. We suggest that such proposals be sent by certified mail, return receipt requested.

If we receive notice after February 26, 2010 of any proposal which a stockholder intends to present at our 2010 Annual Meeting, then under the proxy rules, the persons named in the proxy solicited by our Board of Directors for our 2010 Annual Meeting may exercise discretionary voting with respect to such proposal.

In addition, our bylaws currently provide that in order for a stockholder to properly bring business before an annual meeting, the stockholder must have given timely notice of such proposed business in a writing delivered to our Secretary not less than sixty (60) nor more than ninety (90) days prior to the meeting. If we mail or otherwise provide notice, or public disclosure, of the date of our annual meeting on a date that is less than seventy (70) days prior to the date of the annual meeting, the stockholder's notice that he or she proposes to bring business before the annual meeting must be received by us no later than the tenth business day following the day on which our notice of the annual meeting was mailed, or public disclosure was made, whichever event first occurs.

**General**

We know of no matters to be presented at our 2009 Annual Meeting other than those included in the Notice. Should any other matter requiring a vote of stockholders arise, including a question of adjourning the meeting,

the persons named in the accompanying proxy will vote thereon according to their best judgment in what they consider to be our best interests. The enclosed proxy confers discretionary authority to take action with respect to any additional matters that may come before the meeting.

It is important that your stock be represented at the meeting regardless of the number of shares you hold. Whether or not you plan to attend, please sign, date and return the enclosed proxy promptly. For your convenience, a return envelope is enclosed requiring no additional postage if mailed within the United States.

BY ORDER OF THE BOARD OF DIRECTORS

*Secretary*

Tulsa Oklahoma

April 3, 2009

**PROXY**

**RAM ENERGY RESOURCES, INC.**

**5100 EAST SKELLY DRIVE, SUITE 650**

**TULSA, OKLAHOMA 74135**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned hereby appoints G. Les Austin and Sabrina Gicaletto, and each of them, proxies of the undersigned, with full power of substitution, to vote all common stock of RAM Energy Resources, Inc., a Delaware corporation (the Company), the undersigned is entitled to vote at the Annual Meeting of Stockholders of the Company to be held on May 5, 2009, or at any adjournments thereof, with all the power the undersigned would possess if personally present, on the following matters:

**(CONTINUED AND TO BE SIGNED ON OTHER SIDE)**

A " PLEASE MARK YOUR VOTES AS IN THIS EXAMPLE

	<b>FOR THE NOMINEE LISTED TO RIGHT</b>	<b>WITHHOLD AUTHORITY FOR NOMINEE</b>	<b>NOMINEE:</b>
1. Election of Director	..	..	Gerald R. Marshall
2. Ratify and approve the appointment of UHY LLP as the independent registered public accounting firm for RAM Energy Resources, Inc. for 2009.			
3. In their discretion, the named proxies are authorized to vote in accordance with their own judgment upon such other matters as may properly come before the Annual Meeting.			

**THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER. IF NO DIRECTION IS INDICATED, THIS PROXY WILL BE VOTED FOR THE ELECTION OF THE NOMINEE FOR DIRECTOR, FOR THE APPOINTMENT OF UHY, LLP AS THE INDEPENDENT PUBLIC ACCOUNTING FIRM FOR 2009, AND THE PROXIES WILL USE THEIR DISCRETION WITH RESPECT TO ANY MATTERS REFERRED TO IN ITEM 3.**

The undersigned hereby acknowledges receipt of a copy of the Notice of Annual Meeting of Stockholders and the Proxy Statement. The undersigned hereby revokes any proxies heretofore given.

**PLEASE VOTE, SIGN, DATE AND RETURN THIS PROXY CARD PROMPTLY USING THE ENCLOSED ENVELOPE.**

**SIGNATURE**

**SIGNATURE**

**DATED** \_\_\_\_\_, 2009

NOTE: Please complete, date and sign exactly as your name appears hereon. In the case of joint owners, each owner should sign. When signing as administrator, attorney, corporate officer, executor, guardian, trustee, etc., please give your full title as such.