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

FORM 10-Q

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

For the quarterly period ended: **September 30, 2012**

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

Commission File Number: **000-53920**

RING ENERGY, INC.

(Exact Name of registrant as specified in its charter)

Nevada	**98-0406406**
(State or other jurisdiction of incorporation or organization)	*(IRS Employer Identification No.)*
6555 S. Lewis Street, Suite 200, Tulsa, OK	**74136**
(Address of principal executive offices)	*(Zip Code)*

(918) 499-3880
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
☒ Yes ☐ No

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

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12-b-2 of the Exchange Act).
☐ Yes ☒ No

The registrant has one class of common stock of which 13,541,011 shares were outstanding at November 5, 2012.

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Ring Energy, Inc.
For the Quarter Ended September 30, 2012

Forward-Looking Statements

The statements contained in this report that are not historical facts are forward-looking statements that represent management's beliefs and assumptions based on currently available information. Forward-looking statements include information concerning our possible or assumed future results of operations, business strategies, need for financing, competitive position, and potential growth opportunities. Our forward-looking statements do not consider the effects of future legislation or regulations. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words "believes," "intends," "may," "should," "anticipates," "expects," "could," "plans," or comparable terminology or by discussions of strategy or trends. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we cannot give any assurances that these expectations will prove to be correct. Such statements by their nature involve risks and uncertainties that could significantly affect expected results, and actual future results could differ materially from those described in such forward-looking statements.

Among the factors that could cause actual future results to differ materially are the risks and uncertainties discussed in this report and in our annual report on Form 10-K for the year ended December 31, 2011. While it is not possible to identify all factors, we continue to face many risks and uncertainties including, but not limited to, changes in the general economic downturn; a further downturn in the securities markets; uncertainties associated with oil and gas exploration and development, and our ability to generate revenue. Should our underlying assumptions prove incorrect or the consequences of the aforementioned risks worsen, actual results could differ materially from those expected. We disclaim any intention or obligation to update publicly or revise such statements whether as a result of new information, future events or otherwise.

There may also be other risks and uncertainties that we are unable to predict at this time or that we do not now expect to have a material adverse impact on our business.

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

The unaudited consolidated financial statements included herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission. The Company believes that the disclosures are adequate to make the information presented not misleading.

RING ENERGY, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	September 30, 2012	December 31, 2011
ASSETS		
Current Assets		
Cash	$ 9,846,250	$ 11,372
Accounts receivable	130,816	91,022
Prepaid expenses and retainers	120,706	121,301
Total Current Assets	10,097,772	223,695
Properties and Equipment		
Oil and natural gas properties subject to amortization	12,318,591	6,597,433
Office equipment	194,207	11,133
Total Properties and Equipment	12,512,798	6,608,566
Accumulated depreciation, depletion and amortization	(382,478)	(89,376)
Net Properties and Equipment	12,130,320	6,519,190
Total Assets	$ 22,228,092	$ 6,742,885
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current Liabilities		
Accounts payable	$ 1,595,870	$ 100,321
Accrued compensation	-	100,000
Accrued payable to investors	72,500	-
Derivative put option	130,104	276,736
Total Current Liabilities	1,798,474	477,057
Noncurrent Liabilities		
Revolving line of credit	-	9,244,428
Note payable to Ring Energy, Inc.	-	853,122
Asset retirement obligations	303,289	274,788
Total Noncurrent Liabilities	303,289	10,372,338
Stockholders' Equity (Deficit)		
Common stock - $0.001 par value; 75,000,000 shares authorized; 12,993,788 and 3,440,000 shares outstanding, respectively	12,994	3,440
Additional paid-in capital	26,230,974	204,585
Accumulated deficit	(6,117,639)	(4,314,535)
Total Stockholders' Equity (Deficit)	20,126,329	(4,106,510)
Total Liabilities and Stockholders' Equity (Deficit)	$ 22,228,092	$ 6,742,885

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

RING ENERGY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Successor				Predecessor Carve-out
	For The Three Months Ended September 30,		For The Nine Months Ended September 30,	For The Five Months Ended September 30,	For The Four Months Ended
	2012	2011	2012	2011	April 30, 2011
Oil and Gas Revenues	$ 374,739	$ 162,527	$ 1,045,264	$ 175,004	$ 96,956
Costs and Operating Expenses					
Oil and gas production costs	216,908	51,632	592,163	60,181	71,656
Oil and gas production taxes	17,296	7,702	49,921	8,277	4,468
Depreciation, depletion and amortization	117,267	49,287	293,102	50,944	2,778
Accretion expense	4,763	1,675	14,287	2,456	3,732
General and administrative expense	671,438	123,866	1,825,937	146,722	6,000
Total Costs and Operating Expenses	1,027,672	234,162	2,775,410	268,580	88,634
Other Income (Expense)					
Gain on derivative put options	53,224	29,420	146,632	34,880	-
Non-refundable transaction fee	-	200,000	-	200,000	-
Interest income	2,248	-	2,248	-	-
Interest expense	(33,992)	(30,909)	(221,838)	(39,663)	-
Net Other Income (Expense)	21,480	198,511	(72,958)	195,217	-
Net Income (Loss)	$ (631,453)	$ 126,876	$ (1,803,104)	$ 101,641	$ 8,322
Basic Earnings (Loss) per Share	$ (0.06)	$ 0.02	$ (0.29)	$ 0.02	$ -
Diluted Earnings (Loss) per Share	$ (0.06)	$ 0.02	$ (0.29)	$ 0.02	$ -

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

RING ENERGY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF PREDECESSOR OWNERS' NET INVESTMENT (DEFICIT)
FOR THE FOUR MONTHS ENDED APRIL 30, 2011

Predecessor		Owners' Net Investment (Deficit)
Balance, December 31, 2010	$	11,686
Distributions to owners		(26,416)
Net income		8,322
Balance, April 30, 2011	$	(6,408)

RING ENERGY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE FIVE MONTHS ENDED SEPTEMBER 30, 2011

	Common Stock							
Successor	Shares	Amount		Additional Paid-in Capital		Accumulated Deficit		Stockholders' Equity (Deficit)
Balance, May 1, 2011	6,250,000	$ 6,250	$	199,750	$	-	$	206,000
Capital contributions from shareholders of available-for-sale securities	-	-		40,000		-		40,000
Capital contributions from shareholders	-	-		50,000		-		50,000
Capital distributions to shareholders				(150,000)				(150,000)
Net loss	-	-		-		101,641		101,641
Balance, September 30, 2011	6,250,000	$ 6,250	$	139,750	$	101,641	$	247,641

RING ENERGY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2012

	Common Stock							
Successor	Shares	Amount		Additional Paid-in Capital		Accumulated Deficit		Total Stockholders' Equity (Deficit)
Balance, December 31, 2011	3,440,000	$ 3,440	$	204,585	$	(4,314,535)	$	(4,106,510)
Share-based compensation	-	-		707,090		-		707,090
Common stock issued to purchase Ring Energy, Inc.	6,579,808	6,580		13,088,789		-		13,095,369
Common stock issued for cash	2,821,202	2,821		11,543,162		-		11,545,983
Common stock issued in property acquisition	152,778	153		687,348		-		687,501
Net loss	-	-		-		(1,803,104)		(1,803,104)
Balance, September 30, 2012	12,993,788	$ 12,994	$	26,230,974	$	(6,117,639)	$	20,126,329

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

RING ENERGY, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Successor		Predecessor Carve-Out
	For the Nine Months Ended September 30, 2012	For the Five Months Ended September 30, 2011	For the Four Months Ended April 30, 2011
Cash Flows From Operating Activities			
Net income (loss)	$ (1,803,104)	$ 101,641	$ 8,322
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation, depletion and amortization	293,102	50,944	2,778
Accretion expense	14,287	2,456	3,732
Share-based compensation	707,090	-	-
Gain on derivative put options	(146,632)	(34,880)	-
Changes in assets and liabilities:			
Accounts receivable	(39,794)	(103,638)	4,677
Prepaid expenses	27,537	(18,803)	-
Accounts payable	1,558,156	277,425	6,907
Accrued compensation	(100,000)	-	-
Net Cash Provided by (Used in) Operating Activities	510,642	275,145	26,416
Cash Flows from Investing Activities			
Payments to purchase oil and natural gas properties	(124,050)	(3,895,659)	-
Payments to develop oil and natural gas properties	(4,711,752)	(257,271)	-
Purchase of office equipment	(179,078)	-	-
Net Cash Used in Investing Activities	(5,014,880)	(4,152,930)	-
Cash Flows From Financing Activities			
Proceeds from borrowings from Ring Energy, Inc.	1,150,000	-	-
Proceeds from borrowings under revolving line of credit	-	4,053,428	-
Proceeds from issuance of common stock	11,545,983	-	-
Proceeds from issuance of common stock to Ring Energy, Inc. shareholders	10,887,561	-	-
Principal payments on revolving line of credit	(9,244,428)	-	-
Capital contributions from shareholders	-	50,000	-
Capital distributions to owners	-	(150,000)	(26,416)
Net Cash Provided by (Used in) Financing Activities	14,339,116	3,953,428	(26,416)
Net Increase (Decrease) in Cash	9,834,878	75,643	-
Cash at Beginning of Period	11,372	30,000	-
Cash at End of Period	$ 9,846,250	$ 105,643	$ -
Supplemental Cash Flow Information			
Cash paid for interest	$ 93,471	$ 8,754	$ -
Noncash Investing and Financing Activities			
Oil and natural gas properties acquired	$ 825,765	$ 4,110,430	$ -
Asset retirement obligations assumed	(14,214)	(101,849)	-
Payments with Ring Energy, Inc. shares	(687,501)	(40,000)	-
Derivative put option incurred	-	(72,922)	-
Cash payments for oil and natural gas properties acquired	$ 124,050	$ 3,895,659	$ -
Issuance of common stock to Ring Energy, Inc. shareholders	$ 13,095,369	$ -	$ -
Accounts payable assumed	9,893	-	-
Less: Elimination of note payable to Ring Energy, Inc.	(2,003,122)	-	-
Less: Prepaid expenses acquired	(26,942)	-	-
Less: Property and equipment acquired	(187,637)	-	-
Proceeds from issuance of common stock to Ring Energy, Inc. shareholders	$ 10,887,561	$ -	$ -
Capital contribution of Ring Energy, Inc. common stock	$ -	$ 40,000	$ -

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

NOTE 1 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Consolidated Financial Statements – The accompanying consolidated financial statements have been prepared by the Company and are unaudited. In the opinion of management, the accompanying unaudited financial statements contain all adjustments necessary for fair presentation, consisting of normal recurring adjustments, except as disclosed herein. The financial position and results of operations for the three and nine months ended September 30, 2012 are not necessarily indicative of the results to be expected for the full year ending December 31, 2012.

Organization and Nature of Operations **–**Stanford Energy, Inc. ("Stanford" or the "Company") is a Texas corporation that owns interests in oil and natural gas properties located in Texas. The Company's oil and natural gas sales, profitability and future growth are dependent upon prevailing and future prices for oil and natural gas and the successful acquisition, exploration and development of oil and natural gas properties. Oil and natural gas prices have historically been volatile and may be subject to wide fluctuations in the future. A substantial decline in oil and natural gas prices could have a material adverse effect on the Company's financial position, results of operations, cash flows and quantities of oil and natural gas reserves that may be economically produced.

Reorganization into Ring Energy, Inc. – On June 28, 2012, Ring Energy, Inc. ("Ring") completed the acquisition of Stanford Energy, Inc. through the closing of a stock-for-stock exchange agreement dated May 3, 2012. As a result, Stanford became a wholly-owned subsidiary of Ring. At the closing, the Stanford shareholders exchanged their 1,376 shares of Stanford common stock for 3,440,000 shares of Ring common stock. In addition, Ring assumed and adopted Stanford's equity compensation plan and its outstanding options to purchase 450 shares of Stanford common stock, which represented the right to purchase 1,125,000 shares of Ring common stock at $2.00 per share. Prior to the closing, Ring had 6,110,408 shares of common stock outstanding, of which Stanford shareholders held 793,317 shares. As a result, Stanford's shareholders obtained control of Ring. In addition, Stanford's shareholders have the right to appoint to a majority of the members of the Ring board of directors and senior management of the combined company.

Since the Stanford shareholders obtained a controlling interest in Ring's common stock and stock options and the right to control the board of directors and senior management, Stanford was determined to be the accounting acquirer and its historical financial statements have been adjusted to reflect its reorganization in a manner equivalent to a 2,500-for-1 stock split. The accompanying historical financial statements prior to the reorganization into Ring are Stanford's financial statements, adjusted to reflect the authorized capital and par value of Ring and to reflect the effects of the stock split for all periods presented.

Predecessor Carve-Out Financial Statements – On May 1, 2011, Stanford acquired developed and undeveloped properties referred to as the Fisher I Property. The Fisher I Property represents Stanford's predecessor under Rule 405 of Regulation C of the Securities Act of 1933, as amended, as the Fisher I Property was Stanford's first interest in producing oil and natural gas properties and Stanford's own operations before the acquisition were insignificant relative to the operations acquired. In that regard, upon consummation of the acquisition, the historical financial statements of the Fisher I Property became the historical financial statements of the Company. The accompanying predecessor financial statements present the full carve-out financial position, the related revenues earned and costs and expenses incurred, and the cash flows of the predecessor owners relative to the Fisher I Property.

Subsequent to the acquisition, the successor financial statements present the financial position, operations and cash flows of the assets acquired, the liabilities assumed and operations of the Fisher I Property as well as those of other properties acquired subsequently and are reflected at their purchase-date fair values. Those fair values are reflected as the cost of the assets acquired and the carrying amounts of the liabilities assumed, and are the basis of the resulting operations of the successor.

Prior to the acquisition of the Fisher I Property, Stanford had little activity and was a development stage company. Its planned operations were to acquire, develop and operate oil and natural gas properties. Stanford had no revenue, expenses or income during the four months ended April 30, 2011. Changes in Stanford's stockholders' equity for the four months ended April 30, 2011, on a post-split basis, were as follows:

	Common Stock		Additional Paid-in	Total Stockholders'
	Shares	Amount	Capital	Equity
Balance, December 31, 2010	5,000,000	$ 5,000	$ (5,000)	$ -
Common stock issued for no consideration	1,250,000	1,250	(1,250)	-
Cash paid in from shareholders without the issuance of additional shares	-	-	206,000	206,000
Balance, April 30, 2011	6,250,000	$ 6,250	$ 199,750	$ 206,000

Stanford's cash flows during the four months ended April 30, 2011 were as follows:

Cash Flows from Investing Activities	
Payments to purchase oil and gas properties	$ (176,000)
Cash Flows From Financing Activities	
Capital contributions from shareholders	206,000
Net Increase in Cash	30,000
Cash at Beginning of Period	-
Cash at End of Period	$ 30,000

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Changes in the future estimated oil and natural gas reserves or the estimated future cash flows attributable to the reserves that are utilized for impairment analysis could have a significant impact on the Company's future results of operations.

Fair Values of Financial Instruments – The carrying amounts reported for the revolving line of credit approximates fair value because the underlying instruments are at interest rates which approximate current market rates. The derivative put options are carried at fair value.

Consolidation – The accompanying consolidated financial statements include the accounts, operations and cash flows of Stanford for all periods presented and the consolidated operations and cash flows of Ring from June 28, 2012. All significant intercompany balances and transactions have been eliminated in consolidation.

Concentration of Credit Risk and Major Customer – The Company has cash in excess of federally insured limits at September 30, 2012. During the nine months ended September 30, 2012, sales to three customers represented 36%, 35% and 27%, respectively, of oil and gas revenues. At September 30, 2012, these customers made up 33%, 24% and 43%, respectively, of accounts receivable.

Oil and Gas Properties – The Company uses the full cost method of accounting for oil and gas properties. Under this method, all costs associated with acquisition, exploration, and development of oil and gas reserves are capitalized. Costs capitalized include acquisition costs, geological and geophysical expenditures, lease rentals on undeveloped properties and costs of drilling and equipping productive and non-productive wells. Drilling costs include directly related overhead costs. Capitalized costs are categorized either as being subject to amortization or not subject to amortization.

All capitalized costs of oil and gas properties, including the estimated future costs to develop proved reserves and estimated future costs of abandonment and site restoration, are amortized on the unit-of-production method using estimates of proved reserves as determined by independent engineers. Investments in unproved properties and major development projects are not amortized until proved reserves associated with the projects can be determined. The Company evaluates oil and gas properties for impairment at least annually. Amortization expense for the three and nine months ended September 30, 2012 was $117,267 and $293,102, respectively, based on depletion at the rate of $21.43 per barrel of oil equivalent compared to $49,287 and $53,722, respectively, for the three and nine months ended September 30, 2011, based on depletion at the rate of $24.28 per barrel of oil equivalent. These amounts include $10,501 and $31,502 of depreciation for the three and nine months ended September 30, 2012, respectively, with no depreciation for the three or nine months ended September 30, 2011.

In addition, capitalized costs are subject to a ceiling test which limits such costs to the estimated present value of future net revenues from proved reserves, discounted at a 10% interest rate, based on current economic and operating conditions, plus the lower of cost or fair market value of unproved properties. Consideration received from sales or transfers of oil and gas property is accounted for as a reduction of capitalized costs. Revenue is not recognized in connection with contractual services performed on properties in which the Company holds an ownership interest.

Office Equipment – Office equipment is valued at historical cost adjusted for impairment loss less accumulated depreciation. Historical costs include all direct costs associated with the acquisition of office equipment and placing it in service. Depreciation is calculated using the straight-line method based upon an estimated useful life of 5 to 7 years.

Asset Retirement Obligation – The Company records a liability in the period in which an asset retirement obligation ("ARO") is incurred, in an amount equal to the discounted estimated fair value of the obligation that is capitalized. Thereafter, this liability is accreted up to the final estimated retirement cost. An ARO is a future expenditure related to the disposal or other retirement of certain assets. The Company's ARO relates to future plugging and abandonment expenses of its oil and natural gas properties and related facilities disposal.

Revenue Recognition – The Company predominantly derives its revenues from the sale of produced oil and natural gas. Revenue is recorded in the month the product is delivered to the purchasers. At the end of each month, the Company recognizes oil and natural gas sales based on estimates of the amount of production delivered to purchasers and the price to be received. Variances between the Company's estimated oil and natural gas sales and actual receipts are recorded in the month the payments are received.

Share-Based Employee Compensation – The Company has outstanding stock option grants to directors and employees, which are described more fully in Note 6. The Company recognizes the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award and recognizes the related compensation expense over the period during which an employee is required to provide service in exchange for the award, which is generally the vesting period.

Share-Based Compensation to Non-Employees – The Company accounts for share-based compensation issued to non-employees as either the fair value of the consideration received or the fair value of the equity instruments issued, whichever is more reliably measurable. The measurement date for these issuances is the earlier of the date at which a commitment for performance by the recipient to earn the equity instruments is reached or the date at which the recipient's performance is complete.

Recent Accounting Pronouncements – The Company has reviewed all recently issued, but not yet effective, accounting pronouncements and does not believe the future adoptions of any such pronouncements are expected to cause a material impact on the Company's financial condition or the results of operations.

Basic and Diluted Earnings (Loss) per Share – Basic earnings (loss) per share are computed by dividing net income (loss) by the weighted-average number of common shares outstanding during the period. Diluted earnings (loss) per share reflects the potential dilution that could occur if all contracts to issue common stock were converted into common stock, except for those that are anti-dilutive. The dilutive effect of stock options and other share-based compensation is calculated using the treasury method with an offset from expected proceeds upon exercise of the stock options and unrecognized compensation expense.

NOTE 2 – EARNINGS (LOSS) PER SHARE INFORMATION

	Successor				Predecessor Carve-out
	For The Three Months Ended September 30,		For The Nine Months Ended September 30,	For The Five Months Ended September 30,	For The Four Months Ended
	2012	2011	2012	2011	April 30, 2011
Net Income (Loss)	$ (631,453)	$ 126,876	$ (1,803,104)	$ 101,641	**$** 8,322
Basic Weighted-Average Shares Outstanding	11,433,730	6,250,000	6,172,054	6,250,000	6,250,000
Effect of dilutive securities:					
Stock options	-	-	-	-	-
Diluted Weighted-Average Shares Outstanding	11,433,730	6,250,000	6,172,054	6,250,000	6,250,000
Basic Earnings (Loss) per Share	$ (0.06)	$ 0.02	$ (0.29)	$ 0.02	$ -
Diluted Earnings (Loss) per Share	$ (0.06)	$ 0.02	$ (0.29)	$ 0.02	$ -

Stock options to purchase 1,125,000 shares of common stock were excluded from the computation of diluted earnings (loss) per share during the three and nine months ended September 30, 2012 as their effect would have been anti-dilutive. There were no stock options outstanding during the three or nine months ended September 30, 2011.

NOTE 3 – ACQUISITIONS

Fisher I Property – On May 23, 2011, Stanford purchased proved developed and undeveloped oil and natural gas reserves (the "Fisher I Property") located in the Permian Basin, Andrews County, Texas. The Fisher I Property acquired consisted of 100% of the working interest (75% net revenue interest) in four producing leases, a 99.6% working interest (74.7% net revenue interest) in 640 undeveloped acres and a 92.0% working interest (69.0% net revenue interest) in 960 undeveloped acres. The Fisher I Property was acquired for $2,296,228 of total consideration consisting of cash of $2,183,306, the transfer of 20,000 shares of Ring Energy, Inc. ("Ring") common stock, valued at $2.00 per share or $40,000, and the issuance of a put option relating to the Ring shares valued at $72,922, whereby the holders could put the Ring shares back to Stanford for $5.00 per share through November 24, 2011.

For purposes of acquisition accounting, the fair value of the Ring shares transferred was determined based on the price stockholders of the Company paid to purchase the shares in May 2011 (see Note 10) since there was not an active market for the Ring shares. The value of the put option was determined using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 0.11%; expected life of 0.5 years; dividend yield of 0% and volatility of 207%, which was calculated on Ring stock historical prices. Stanford incurred $30,673 of acquisition-related costs, which were recognized in general and administrative expense for the eight months ended December 31, 2011.

The acquisition qualified as a business combination and as such, Stanford recognized the assets acquired and the liabilities assumed at their fair values as of the May 23, 2011 acquisition date, which is the date the Company obtained control of the properties. Oil and natural gas sales receivable and production costs payable at May 23, 2011 were not material. The estimated fair value of these properties approximated the consideration paid, which the Company concluded approximated the fair value that would be paid by a typical market participant. As a result, neither goodwill nor a bargain purchase gain was recognized related to the acquisition. The following table summarizes the assets acquired and the liabilities assumed:

Proved developed and undeveloped oil and gas properties	$	2,358,483
Asset retirement obligation		(62,255)
Total Identifiable Net Assets	$	2,296,228

Oil and natural gas sales and income from operations before general and administrative expense from the Fisher I Property, for the eight months ended December 31, 2011, were $166,250 and $49,116, respectively.

Miocene Property – On August 17, 2011, Stanford purchased additional proved developed and undeveloped oil and natural gas reserves (the "Miocene Property") located in the Permian Basin, Andrews County, Texas. The Miocene Property consisted of 100% of the working interest (75% to 77% net revenue interest) in three producing leases. The Miocene Property was acquired for cash totaling $1,791,165. The Company incurred $98,984 of acquisition-related costs, which were recognized in general and administrative expense during the eight months ended December 31, 2011.

The acquisition was recognized as a business combination whereby Stanford recorded the assets acquired and the liabilities assumed at their fair values as of August 17, 2011, which is the date the Company obtained control of the properties and was the acquisition date for financial reporting purposes. The estimated fair value of Miocene Property approximated the consideration paid, which the Company concluded approximated the fair value that would be paid by a typical market participant. The following table summarizes the fair values of the assets acquired and the liabilities assumed:

Assets Acquired		
Accounts receivable	$	52,278
Proved developed and undeveloped oil and gas properties		1,810,662
Liabilities Assumed		
Accounts payable		(32,181)
Asset retirement obligation		(39,594)
Total Identifiable Net Assets	$	1,791,165

Oil and natural gas sales and income from operations before general and administrative expense from the Miocene Property, for the four months ended December 31, 2011, were $217,959 and $60,313, respectively.

Fisher II Property – On December 1, 2011, the Company purchased proved developed and undeveloped oil and natural gas reserves (the "Fisher II Property") located in the Permian Basin, Andrews County, Texas. The Fisher II Property acquired consisted of 100% of the working interest (75% net revenue interest) in one lease. The Fisher II Property was acquired for $1,747,760 of total consideration consisting of cash of $1,150,000, the transfer of 80,000 shares of Ring common stock, valued at $4.00 per share or $320,000, and the issuance of a put option relating to the Ring shares valued at $277,760, whereby the holder can put the Ring shares back to Stanford at $5.00 per share through December 1, 2012.

Due to the lack of an active market for the Ring shares, the fair value of the Ring shares transferred was determined based on the price at which Ring shares were being sold in a private placement active during the time period that this acquisition occurred. The value of the put option was determined using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 0.11%; expected life of 1.0 years; dividend yield of 0% and volatility of 198%, which was calculated on Ring stock historical prices. The Company incurred $6,898 of acquisition-related costs, which were recognized as general and administrative expense during the eight months ended December 31, 2011.

The acquisition of the Fisher II Property was recognized as a business combination. Stanford recorded the assets acquired and the liabilities assumed at their fair values. The estimated fair value of the Fisher II Property approximated the consideration paid, which the Company concluded approximated the fair value that would be paid by a typical market participant. The following table summarizes the fair values of the assets acquired and the liabilities assumed:

Proved developed and undeveloped oil and gas properties	$	1,915,152
Asset retirement obligation		(167,392)
Total Identifiable Net Assets	$	1,747,760

Oil and natural gas sales and loss from operations before general and administrative expense from the Fisher II Property for the one month ended December 31, 2011, were $4,465 and $(7,416), respectively.

Ring Energy, Inc. – On June 28, 2012, Ring Energy, Inc. ("Ring") completed the acquisition of Stanford Energy, Inc. through the closing of a stock-for-stock exchange agreement dated May 3, 2012. As a result, Stanford became a wholly-owned subsidiary of Ring. As further described in Note 1, Stanford was determined to be the accounting acquirer. The acquisition of Ring was recognized as the issuance by Stanford of the 6,110,408 common shares of Ring that remained outstanding. The fair value of Ring's net assets was more clearly determinable than the fair value of the common shares deemed issued; therefore, the common shares were valued at the fair value of the net assets acquired as follows:

Cash	$	10,887,561
Note payable to Ring cancelled		2,003,122
Prepaid expenses		26,942
Property and equipment		187,637
Accounts payable		(9,893)
Fair Value of Net Assets	$	13,095,369

Pro Forma Results from Operations – The following unaudited pro forma information is presented to reflect the operations of the Company as if the acquisitions had been completed on January 1, 2012 and 2011, respectively:

	For The Three Months Ended September 31, 2012	For The Three Months Ended September 31, 2011	For The Nine Months Ended September 31, 2012	For The Nine Months Ended September 31, 2011
Oil and Natural Gas Revenues	$ 374,739	$ 315,018	$ 1,045,264	$ 872,774
Net Income (Loss)	(631,453)	(144,234)	(1,885,369)	(121,077)

Ogden Property – On September 28, 2012, the Company purchased proved developed and undeveloped oil and natural gas reserves (the "Ogden Property") located in the Permian Basin, Andrews County, Texas. The Ogden Property consists of a 91.67% working interest, 68.75% net revenue interest in one lease covering 80 acres which included one existing well with production. The Ogden Property was acquired for $687,501 through the issuance of 152,778 shares of Ring common stock, valued at $4.50 per share. Due to the lack of an active market for the Ring shares, the fair value of the Ring shares transferred was determined based on the price at which Ring shares were being sold in a private placement active during the time period that this acquisition occurred.

The acquisition of the Ogden Property was recognized as a business combination. Ring recorded the assets acquired and the liabilities assumed at their fair values. The estimated fair value of the Ogden Property approximated the consideration paid, which the Company concluded approximated the fair value that would be paid by a typical market participant. The following table summarizes the fair values of the assets acquired and the liabilities assumed:

Proved developed and undeveloped oil and gas properties	$	687,501
Asset retirement obligation		(14,214)
Total Identifiable Net Assets	$	673,287

NOTE 4 – REVOLVING LINE OF CREDIT

In May 2011, the Company entered into a credit agreement with a bank that provides for a revolving line of credit of up to $10 million for borrowings and letters of credit. As of September 30, 2012, $9,950,000 was available to be drawn on the line of credit. The agreement includes a non-usage commitment fee of 0.20% per annum and covenants limiting other indebtedness, liens, transfer or sale of assets, distributions or dividends and merger or consolidation activity. The facility has an interest rate of the bank's prime rate plus 0.75% with the total interest rate to be charged being no less than 4.00%. As of September 30, 2012 the interest rate being charged was 4.00%. The note matured on May 10, 2012 and was extended to May 10, 2013. Two of the Company's stockholders are jointly and severally obligated for outstanding borrowings under the credit facility.

NOTE 5 – ASSET RETIREMENT OBLIGATION

The Company provides for the obligation to plug and abandon oil and gas wells at the dates properties are either acquired or the wells are drilled. The asset retirement obligation is adjusted each quarter for any liabilities incurred or settled during the period, accretion expense and any revisions made to the estimated cash flows. The asset retirement obligation relating to the predecessor carve-out financial statements was computed using an annual credit-adjusted risk-free discount rate of 4.28%. The asset retirement obligation incurred by Stanford upon each of the three acquisitions was computed using the annual credit-adjusted risk-free discount rate at the applicable date, which rates were from 6.55% to 7.62% per annum. Changes in the asset retirement obligation were as follows:

Balance, January 1, 2012	$	274,788
Liabilities incurred		14,214
Accretion expense		14,287
Balance, September 30, 2012	$	303,289

NOTE 6 – EMPLOYEE STOCK OPTIONS

Compensation expense charged against income for share-based awards during the three and nine months ended September 30, 2012 was $261,856 and $707,090, respectively, with no comparable amounts for the three and nine months ended September 30, 2011, and is included in general and administrative expense in the accompanying financial statements.

In 2011, Stanford's Board of Directors and stockholders approved and adopted a long-term incentive plan which allows for the issuance of up to 2,500,000 shares of common stock through the grant of qualified stock options, non-qualified stock options and restricted stock. As of September 30, 2012, there were 1,375,000 shares eligible for issuance under the plan. On December 1, 2011, the Company granted 1,125,000 non-qualified stock options exercisable at $2.00 per share. On July 1, 2012, the Company granted 75,000 non-qualified stock options exercisable at $4.50 per share. On July 1, 2012, the Company cancelled 125,000 non-qualified options exercisable at $2.00 per share. On August 15, 2012, the Company granted 50,000 non-qualified options exercisable at $4.50 per share. The stock options vest at the rate of 20% each year over five years beginning one year from the date granted and expire ten years from the date granted.

The fair value of each option award is estimated on the date of grant using the Black-Scholes option pricing model and using certain assumptions. The expected volatility is based on the historical price volatility of the Dow Jones U.S. Oil and Gas Index. The Company used the simplified method for estimating the expected term for options granted in 2011. Under the simplified method, the expected term is equal to the midpoint between the vesting period and the contractual term of the stock option. The risk-free interest rate represents the U.S. Treasury bill rate for the expected life of the related stock options. The dividend yield represents the Company's anticipated cash dividend over the expected life of the stock options. The following are the weighted-average assumptions used to determine the fair value of options granted during the eight months ended December 31, 2011 and nine months ended September 30, 2012:

	December 1, 2011	July 1, 2012	August 15, 2012
Risk free interest rate	0.97%	0.67%	0.80%
Expected life	6.5 years	6.5 years	6.5 years
Dividend yield	-	-	-
Volatility	32%	158%	153%

A summary of the stock option activity as of September 30, 2012, and changes during the nine months then ended is as follows:

	Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding, December 31, 2011	1,125,000	$ 2.00		
Granted	125,000	4.50		
Forfeited	(125,000)	2.00		
Outstanding, September 30, 2012	1,125,000	$ 2.28	9.2 Years	$ 3,346,875
Exercisable, September 30, 2012	-			

The weighted-average grant-date fair value of options granted during 2012 was $4.29 per share. Share-based compensation expense for the nine months ended September 30, 2012 was $707,090. As of September 30, 2012, there was approximately $1,580,789 of unrecognized compensation cost related to stock options that is expected be recognized over a weighted-average period of 2.7 years. The aggregate intrinsic value was determined based on the $5.82 market value of the Ring Energy, Inc. common stock on September 28, 2012. No options were exercisable as of September 30, 2012.

NOTE 7 – CONTINGENCIES AND COMMITMENTS

Standby Letters of Credit – A commercial bank has issued standby letters of credit on behalf of the Company to the state of Texas totaling $50,000 to allow the Company to do business there. The standby letters of credit are valid until cancelled or matured and are collateralized by the revolving credit facility with the bank. These letters of credit terms are extended for a term of one year at a time. The Company intends to renew the standby letters of credit for as long as the Company does business in the state of Texas. No amounts have been drawn under the standby letters of credit.

NOTE 8 – PUT OPTIONS

The Company granted put options on the Ring shares transferred in connection with the acquisitions of oil and natural gas properties in December 2011. In December 2011, the Company granted 80,000 options with terms allowing the property seller to require the Company to repurchase the Ring shares at $5.00 per share through December 1, 2012. At the date of issuance, the fair value of this liability was $277,760 and was capitalized as part of the acquisition cost. The put options are contingent consideration classified as liabilities under FASB ASC 305-30 and are recognized at the acquisition date fair value as part of the consideration transferred. They are remeasured to fair value at each reporting date until the contingency is resolved with the change in fair value being recognized in earnings. As of September 30, 2012, the fair value of the remaining liability was $130,104. The following table illustrates the assumptions used in the Black-Scholes option pricing model at September 30, 2012:

Risk free interest rate	0.10%
Expected life (years)	0.16
Dividend yield	-
Volatility	147%

NOTE 9 – FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establish a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). The Company's fair value measurements are based on the observability of those inputs. The three levels of the fair value hierarchy are as follows:

- Level 1 — Quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. The Company does not have any fair value balances classified as Level 1.

- Level 2 — Inputs other than quoted prices in active markets included in Level 1 that are either directly or indirectly observable. The Company's put options are measured on a recurring basis using Level 2 inputs.

- Level 3 — Includes inputs that are not observable for which there is little, if any, market activity for the asset or liability being measured. The Company does not have any fair value balances classified as Level 3.

In valuing certain contracts, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. For disclosure purposes, assets and liabilities are classified in their entirety in the fair value hierarchy level based on the lowest level of input that is significant to the overall fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the placement within the fair value hierarchy levels.

The Company's derivative put option liabilities are remeasured to fair value at each reporting date until the contingency is resolved. The fair value of the non-financial liabilities as of September 30, 2012 was $130,104 and was calculated using Level 2 inputs. See Note 8 above for more information about this liability and the inputs used for calculating fair value.

NOTE 10 – SUBSEQUENT EVENTS

Subsequent to September 30, 2012, the Company sold 327,223 shares of common stock for gross proceeds of $1,472,504 in a private placement at $4.50 per common share. No selling commissions were paid.

Subsequent to September 30, 2012, the Company purchased proved developed and undeveloped oil and natural gas reserves located in the Permian Basin, Andrews County, Texas. The total purchase price was $1,990,000 consisting of a cash payment of $1,000,000 and the issuance of 220,000 shares of Ring Energy, Inc. common stock valued at $4.50 per share.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations analyzes the major elements of our balance sheets and statements of income. This section should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2011, and our interim unaudited financial statements and accompanying notes to these financial statements.

Stanford Energy, Inc., a Texas Corporation, was formed in 2007. There were no operations prior to acquisitions during 2011. During 2011 Stanford completed three acquisitions of properties with existing production, all with additional potential for development, as well as additional acquisition and leasing of undeveloped acreage. During the nine months ended September 30, 2012 Stanford continued leasing additional mineral interest in acreage in which it already owned an interest. On June 28, 2012, Stanford consummated a stock-for-stock exchange with Ring Energy, Inc. Stanford was determined to be the accounting acquirer in this transaction and therefore the historical financial statements presented are those of Stanford. During the nine months ended September 30, 2012 but prior to the consummation of the stock-for-stock exchange, Ring completed two acquisitions of undeveloped acreage that are offsetting the assets held by Stanford and which is complimentary.

Results of Operations – For the Three Months Ended September 30, 2012 and 2011

Oil and natural gas sales. For the three months ended September 30, 2012, oil and natural gas sales revenue increased $212,212 to $374,739, compared to $162,527 for the same period during 2011. Oil sales increased $218,291 and natural gas sales decreased $6,079. The increases were the result of higher production, which occurred primarily as a result of acquisitions made in the latter part of 2011. For the three months ended September 30, 2012, oil sales volume increased 2,515 barrels to 4,386 barrels, compared to1,871 barrels for the same period in 2011. The average realized per barrel oil price increased 2% from $83.22 for the three months ended September 30, 2011 to $85.28 for the three months ended September 30, 2012. For the three months ended September 30, 2012, gas sales volume decreased 725 thousand cubic feet (MCF) to 169 MCF, compared to 894 MCF for the same period in 2011. The average realized natural gas price per MCF decreased 41% from $7.65 for the three months ended September 30, 2011 to $4.50 for the three months ended September 30, 2012.

Oil and gas production costs. Our lease operating expenses (LOE) increased from $51,632 or $25.56 per barrel of oil equivalent (BOE) for the three months ended September 30, 2011 to $216,908 or $49.14 per BOE for the three months ended September 30, 2012. The increases were the result of additional acquisitions made between periods and work to get properties into proper working condition. This amount also includes $74,755 or $16.94 per BOE in salt water disposal charges that will be eliminated once our salt water disposal well is placed on line.

Production taxes. Production taxes as a percentage of oil and natural gas sales were 5% during the three months ended September 30, 2011 and remained steady at 5% for the three months ended September 30, 2012. These rates are expected to stay relatively steady unless we make acquisitions in other states with differing production tax rates or the state of Texas changes its production tax rate.

Depreciation, depletion and amortization. Our depreciation, depletion and amortization expense increased by $71,068 to $117,267 for the three months ended September 30, 2012, compared to $49,287 during the same period in 2011. The increase was the result of higher production volume partially offset by a decrease in the average depletion rate from $24.28 per BOE during the three months ended September 30, 2011 to $21.43 per BOE during the three months ended September 30, 2012. The decreased depletion rate was the result of additional acquisitions between periods.

General and administrative expenses. General and administrative expenses increased by $547,572 to $671,438 for the three months ended September 30, 2012, compared to $123,866 during the same period in 2011. The increase was primarily the result of an increase in stock-based compensation expense from $0 for the three months ended September 30, 2011 to $261,856 for the three months ended June 30, 2012 and contract staff compensation.

Interest income. Interest income increased by $2,248 to $2,248 for the three months ended September 30, 2012, compared to zero for the same period in 2011. The increase was due to a higher cash balance between periods.

Interest expense. Interest expense increased by $3,083 to $33,992 for the three months ended September 30, 2012, compared to the same period in 2011. The increase was due to a higher average outstanding balance between periods.

Net income/loss. For the three months ended September 30, 2012 there was a net loss of $631,453, as compared to net income of $126,876 for the three months ended September 30, 2011. The primary reason for this change is compensation expense.

Results of Operations – For the Nine Months Ended September 30, 2012 and 2011

Oil and natural gas sales. For the nine months ended September 30, 2012, oil and natural gas sales revenue increased $773,304 to $1,045,264 compared to $271,960 for the same period during 2011. Oil sales increased $767,622 and natural gas sales increased $5,682. The increases were the result of higher production, which occurred primarily as a result of acquisitions made during the latter part of 2011. For the nine months ended September 30, 2012, oil sales volume increased 8,670 barrels to 11,653 barrels, compared to 2,983 barrels for the same period in 2011. The average realized per barrel oil price decreased slightly from $88.87 for the nine months ended September 30, 2011 to $88.62 for the nine months ended September 30, 2012. For the nine months ended September 30, 2012, gas sales volume increased 2,425 thousand cubic feet (MCF) to 3,319 MCF, compared to 894 MCF for the same period in 2011. The average realized natural gas price per MCF decreased 51% from $7.65 for the nine months ended September 30, 2011 to $3.77 for the nine months ended September 30, 2012.

Oil and gas production costs. Our lease operating expenses (LOE) increased from $131,837 or $42.09 per barrel of oil equivalent (BOE) for the nine months ended September 30, 2011 compared to $592,163 or $48.51 per BOE for the nine months ended September 30, 2012. The increases were the result of additional acquisitions made between periods and work to get properties into proper working condition. This amount also includes $183,448 or $15.03 per BOE in salt water disposal charges that will be eliminated once our salt water disposal well is placed on line.

Production taxes. Production taxes as a percentage of oil and natural gas sales were 5% during the nine months ended September 30, 2011 and remained steady at 5% for the nine months ended September 30, 2012. Production taxes vary from state to state. Therefore, these taxes may vary in the future depending on the mix of production we generate from various states, as well as the possibility that any state may raise its production tax rate.

Depreciation, depletion and amortization. Our depreciation, depletion and amortization expense increased by $247,479 to $293,102 for the nine months ended September 30, 2012, compared to $53,722 for the same period in 2011. The increase was the result of higher production volume partially offset by a decrease in the average depletion rate from $24.28 per BOE during the nine months ended September 30, 2011 to $21.43 per BOE during the nine months ended September 30, 2012. The decreased depletion rate was the result of additional acquisitions between periods.

General and administrative expenses. General and administrative expenses increased by $1,673,215 to $1,825,937 for the nine months ended September 30, 2012, compared to $152,722 for the same period in 2011. The increase was primarily the result of an increase in stock-based compensation expense from $0 for the nine months ended September 30, 2011 to $707,090 for the nine months ended September 30, 2012 and contract staff compensation.

Interest income. Interest income increased by $2,248 to $2,248 for the nine months ended September 30, 2012, compared to zero for the same period in 2011. The increase was due to a higher cash balance between periods.

Interest expense. Interest expense increased by $182,175 to $221,838 for the nine months ended September 30, 2012, compared to $39,663 for the same period in 2011. The increase was due to a higher average outstanding balance between periods.

Net income/loss. For the nine months ended September 30, 2012 there was a net loss of $1,803,104, as compared to net income of $109,963 for the nine months ended September 30, 2011. The primary reason for this change is compensation expense.

Capital Resources and Liquidity

As shown in the financial statements for the nine months ended September 30, 2012, the Company had cash on hand of $9,846,250, compared to $11,372 as of December 31, 2011. The Company had net cash provided by operating activities for the nine months ended September 30, 2012 of $515,038, compared to $301,561 for the same period 2011. Other significant sources of cash inflow for the nine months ended September 30, 2012 include proceeds from issuance of common stock for cash of $11,545,983, proceeds from issuance of common stock to Ring Energy, Inc. shareholders in the stock-for-stock exchange transaction of $10,887,561 and borrowings from Ring Energy, Inc. prior to the closing of the stock-for-stock exchange transaction of $1,150,000. The only significant source of cash inflow for the nine months ended September 30, 2011 was proceeds from borrowings under the revolving line of credit for $4,053,428. The most significant cash outflows during the nine months ended September 30, 2012 and 2011 were capital expenditures of $5,019,276 and $4,152,930, respectively, and $9,244,428 payment on notes payable in 2012.

In May 2011, the Company entered into a credit agreement with a bank that provides for a revolving line of credit of up to $10 million for borrowings and letters of credit. As of September 30, 2012, $9,950,000 was available to be drawn on the line of credit. The agreement includes a non-usage commitment fee of 0.20% per annum and covenants limiting other indebtedness, liens, transfer or sale of assets, distributions or dividends and merger or consolidation activity. The facility has an interest rate of the bank's prime rate plus 0.75% with the total interest rate to be charged being no less than 4.00%. As of September 30, 2012 the interest rate being charged was 4.00%. The note matured on May 10, 2012 and was extended to May 10, 2013. Two of the Company's stockholders are jointly and severally obligated for outstanding borrowings under the credit facility.

To the extent possible, we intend to acquire producing properties and/or developed undrilled properties rather than exploratory properties. We do not intend to limit our evaluation to any one state. We presently have no intention to evaluate off-shore properties or properties located outside of the United States of America.

The pursuit of and acquisition of additional oil and gas properties may again require substantially greater capital than we currently have available and obtaining additional capital would require that we enter into the sale of either short-term or long-term notes payable or the sale of our common stock. Furthermore, it may be necessary for us to retain outside consultants and others in our endeavors to locate desirable oil and gas properties. The cost to retain one or more consultants or a firm specializing in the purchase/sale of oil and gas properties will have an impact on our financial position and will impact our future cash flows.

The process of acquiring one or more additional oil and gas properties will impact our financial position and reduce our cash position. The types of costs that we may incur include travel cost relating to meeting with individuals instrumental in our acquisition of one or more oil and gas properties, obtaining petroleum engineer reports relative to the oil and gas properties that we are investigating, legal fees associated with such acquisition including title reports, and accounting fees relative to obtaining historical information regarding such oil and gas properties. Even though we may incur such costs, there is no assurance that we will ultimately be able to consummate a transaction resulting in our acquisition of an oil and/or gas property.

Off-balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements and it is not anticipated that the Company will enter into any off-balance sheet arrangements.

Disclosures About Market Risks

Like other natural resource producers, Ring faces certain unique market risks. The two most salient risk factors are the volatile prices of oil and gas and certain environmental concerns and obligations.

<u>Oil and Gas Prices</u>

Current competitive factors in the domestic oil and gas industry are unique. The actual price range of crude oil is largely established by major international producers. Pricing for natural gas is more regional. Because domestic demand for oil and gas exceeds supply, there is little risk that all current production will not be sold at relatively fixed prices. To this extent Ring does not see itself as directly competitive with other producers, nor is there any significant risk that the Company could not sell all production at current prices with a reasonable profit margin. The risk of domestic overproduction at current prices is not deemed significant. The primary competitive risks would come from falling international prices which could render current production uneconomical.

Secondarily, Ring is presently committed to use the services of the existing gatherers in its present areas of production. This gives to such gatherers certain short term relative monopolistic powers to set gathering and transportation costs, because obtaining the services of an alternative gathering company would require substantial additional costs since an alternative gatherer would be required to lay new pipeline and/or obtain new rights-of-way in the lease.

It is also significant that more favorable prices can usually be negotiated for larger quantities of oil and/or gas product, such that Ring views itself as having a price disadvantage to larger producers. Large producers also have a competitive advantage to the extent they can devote substantially more resources to acquiring prime leases and resources to better find and develop prospects.

Environmental

Oil and gas production is a highly regulated activity which is subject to significant environmental and conservation regulations both on a federal and state level. Historically, most of the environmental regulation of oil and gas production has been left to state regulatory boards or agencies in those jurisdictions where there is significant gas and oil production, with limited direct regulation by such federal agencies as the Environmental Protection Agency. However, while the Company believes this generally to be the case for its production activities in Texas it should be noted that there are various Environmental Protection Agency regulations which would govern significant spills, blow-outs, or uncontrolled emissions.

In Texas, specific oil and gas regulations exist related to the drilling, completion and operations of wells, as well as disposal of waste oil. There are also procedures incident to the plugging and abandonment of dry holes or other non-operational wells, all as governed by the Texas Railroad Commission, Oil and Gas Division

Compliance with these regulations may constitute a significant cost and effort for Ring. No specific accounting for environmental compliance has been maintained or projected by Ring to date. Ring does not presently know of any environmental demands, claims, or adverse actions, litigation or administrative proceedings in which it or the acquired properties are involved or subject to or arising out of its predecessor operations.

In the event of a breach of environmental regulations, these environmental regulatory agencies have a broad range of alternative or cumulative remedies to include: ordering a cleanup of any spills or waste material and restoration of the soil or water to conditions existing prior to the environmental violation; fines; or enjoining further drilling, completion or production activities. In certain egregious situations, the agencies may also pursue criminal remedies against the Company or its principals.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Not required of smaller reporting company.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures

Our management, with the participation of William R. Broaddrick, our principal executive officer and principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this report. Based on that evaluation, Mr. Broaddrick concluded that our disclosure controls and procedures as of the end of the period covered by this report were effective in ensuring that information required to be disclosed by us in reports that we file or submit under the Exchange Act (i) is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission’s rules and forms, and (ii) is accumulated and communicated to the Company’s management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

Changes in internal control over financial reporting

There has been no change in our internal control over financial reporting, as defined in Rules 13a-15(f) of the Exchange Act, during our most recent fiscal quarter ended September 30, 2012, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On September 1, 2012, the Company issued 50,000 options to its CEO, William R. Broaddrick, under the 2011 Long-Term Incentive Plan. The options vest 20% each year five years from the grant date and expire 20 years from the grant date. The exercise price of the options is $4.50. Mr. Broaddrick was an accredited investor at the time of the sale. The shares were sold without registration under the Securities Act by reason of the exemption from registration afforded by the provisions of Section 4(a)(5) and/or Section 4(a)(2) thereof, and Rule 506 promulgated thereunder, as a transaction by an issuer not involving any public offering. No selling commissions were paid in connection with the sale of the shares.

On September 28, 2012, the Company issued 152,778 shares of its common stock to four investors in connection with the purchase of certain oil and gas leases. The investors were accredited investors at the time of the sale. The shares were sold without registration under the Securities Act by reason of the exemption from registration afforded by the provisions of Section 4(a)(5) and/or Section 4(a)(2) thereof, and Rule 506 promulgated thereunder, as a transaction by an issuer not involving any public offering. No selling commissions were paid in connection with the sale of the shares.

Item 6. Exhibits

Exhibit Number	Description
31.1	Rule 13a-14(a) Certification
32.1	Section 1350 Certification
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

SIGNATURES

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

Ring Energy, Inc.

Date: November 14, 2012

By: */s/ William R. Broaddrick*
William R. Broaddrick
(Principal Executive & Financial Officer)

CERTIFICATIONS

I, William Randy Broaddrick, certify that:

1. I have reviewed this Form 10-Q for the quarter ended September 30, 2012, of Ring Energy, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2012

/s/ William Randy Broaddrick
William Randy Broaddrick, Interim CEO &
Interim CFO
(Principal Executive Officer &
Principal Financial Officer)

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350

AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Ring Energy, Inc. (the "Company") on Form 10-Q for the three months ended September 30, 2012, as filed with the Securities and Exchange Commission (the "Report"), the undersigned principal executive officer and financial officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 14, 2012

/s/ William Randy Broaddrick
William Randy Broaddrick, Interim Chief Executive Officer &
Interim Chief Financial Officer
(Principal Executive Officer and Principal Financial Officer)