United States
Securities and Exchange Commission
Washington, D.C. 20549

Form 10-K/A

(Mark One)

☒ **Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended December 31, 2020
Or

☐ **Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**

For the transition period from ___________to ___________

Commission file number 001-36057

Ring Energy, Inc.

(Exact name of registrant as specified in its charter)

Nevada (State or other jurisdiction of incorporation or organization)	**90-0406406** (I.R.S. Employer Identification Number)
1725 Hughes Landing Blvd. Suite 900 **The Woodlands, TX** (Address of principal executive offices)	**77380** (Zip Code)

(281) 397-3699
(Registrant's telephone number, including area code)

Securities registered under Section 12(b) of the Exchange Act:

Title of Each Class	Trading Symbol	Name of Exchange
Common Stock, par value $0.001	REI	NYSE American

Securities registered under Section 12(g) of the Exchange Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act 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 every Interactive Data File required to be submitted 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 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 definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

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

As of June 30, 2020, the aggregate market value of the common voting stock held by non-affiliates of the issuer, based upon the closing stock price on the NYSE American of $1.16 per share, was $74,553,881.

As of March 17, 2021, the issuer had outstanding 99,181,587 shares of common stock ($0.001 par value).

DOCUMENTS INCORPORATED BY REFERENCE

The information required by Part III of this Report, to the extent not set forth herein, is incorporated herein by reference from the registrant's definitive proxy statement relating to the Annual Meeting of Stockholders to be held in 2021, which definitive proxy statement shall be filed with the Securities and Exchange Commission within 120 days after the end of the fiscal year to which this Report relates.

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EXPLANATORY NOTE

Ring Energy, Inc. (““Ring,” “Ring Energy” or “the Company”) is filing this Amendment No. 1 on Form 10-KA (“the Amendment”) to our Annual Report on Form 10-K for the fiscal year ended December 31, 2020, which was filed with the Securities and Exchange Commission (the “SEC”) on March 16, 2021 (the “Original Filing”). We are filing this Amendment to correct a typographical error in the report involving our basic and diluted earnings per share.

This Amendment amends and restates “Item 6: Selected Financial Data” of Part II and “Item 15: Exhibits, Financial Statement Schedules” of Part IV of the Original Filing solely as a result of, and to reflect, the restatement. Pursuant to the rules of the SEC, Item 15 of Part IV of the Original Filing has been amended to contain the currently dated certifications from our principal executive officer and principal financial officer, as required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002. The certification of our principal executive officer and our principal financial officer are attached to this Amendment as Exhibits 31.1, 31.2, 32.1 and 32.2.

PART II

Item 6: Selected Financial Data

The selected financial information set forth below is derived from our balance sheets and statements of operations as of and for the years ended December 31, 2020, 2019, 2018, 2017 and 2016. The data set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and related notes thereto included in this Annual Report.

	For the years ended December 31,				
	2020	2019	2018	2017	2016
Statement of Operations Data:					
Revenues	$ 113,025,138	$ 195,702,831	$ 120,065,361	$ 66,699,700	$ 30,850,248
Cost of revenues	42,196,963	57,626,604	33,433,082	19,130,924	11,372,420
Depreciation, depletion and amortization	43,010,660	56,204,269	39,024,886	20,517,780	11,483,314
Ceiling test impairment	277,501,943	—	14,172,309	—	56,513,016
Accretion	906,616	943,707	606,459	567,968	487,182
Operating lease expense	1,196,372	925,217	—	—	—
General and administrative	16,874,050	19,866,706	12,867,686	10,515,887	8,027,077
Net income (loss)	(253,411,828)	29,496,551	8,999,760	1,753,869	(37,637,687)
Basic income (loss) per common share	$ (3.48)	$ 0.44	$ 0.15	$ 0.03	$ (0.97)
Diluted income (loss) per common share	$ (3.48)	$ 0.44	$ 0.15	$ 0.03	$ (0.97)

	As of December 31,				
	2020	2019	2018	2017	2016
Balance Sheet Data:					
Current assets	$ 20,799,890	$ 38,708,541	$ 16,844,257	$ 29,123,924	$ 75,220,915
Oil and gas properties subject to amortization	836,514,815	1,083,966,135	641,121,398	433,591,134	250,133,965
Total assets	663,456,197	973,006,148	567,065,659	414,102,486	307,597,399
Total current liabilities	36,941,737	59,092,554	51,910,432	48,443,449	9,099,391
Total long-term liabilities	331,748,647	390,403,661	52,555,797	9,055,697	7,957,035
Total Stockholders Equity	294,765,813	523,509,933	462,599,430	356,603,340	290,540,973

PART IV

Item 15: Exhibits, Financial Statement Schedules

(a) Financial Statements

The following financial statements are filed with this Annual Report:

Report of Independent Registered Public Accounting Firm

Balance Sheets as of December 31, 2020 and 2019

Statements of Operations for the years ended December 31, 2020, 2019 and 2018

Statements of Stockholders' Equity for the years ended December 31, 2020, 2019 and 2018

Statements of Cash Flows for the years ended December 31, 2020, 2019 and 2018

Notes to Financial Statements

Supplemental Information on Oil and Gas Producing Activities

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Exhibit Number	Exhibit Description	Incorporated by Reference Form	File No.	Exhibit	Filing Date	Filed Here-with
2.1	Stock for Stock Exchange Agreement dated May 3, 2012	8-K	000-53920	2.1	7/5/12	
2.2	Merger Agreement dated November 7, 2012	8-K	000-53920	2.1	11/26/12	
2.3	Purchase and Sale Agreement, dated February 25, 2019 by and among Ring Energy, Inc. and Wishbone Energy Partners, LLC, Wishbone Texas operating Company LLC and WB WaterWorks, LLC	8-K	001-36057	2.1	2/28/19	
3.1	Articles of Incorporation (as amended)	10-K	000-53920	3.1	4/1/13	
3.2	Current Bylaws	8-K	000-53920	3.2	1/24/13	
4.1	Registration Rights Agreement, dated April 9, 2019 by and between Ring Energy, Inc. and Wishbone Energy Partners, LLC	8-K	001-36057	4.1	4/12/19	
4.2	Description of Ring Energy, Inc. equity securities registered under Section 12(b) of the Securities Exchange Act of 1934, as amended	10-K	001-36057	4.2	3/16/20	
4.3	Securities Purchase Agreement, dated October 27, 2020	8-K	001-36057	4.1	10/29/20	
10.1	Letter Agreement with Patriot Royalty & Land, LLC entered into on March 1, 2012	10-K	000-53920	10.1	3/20/12	
10.2	Executive Employment and Severance Agreement, dated as of September 30, 2020, by and between the Company and Stephen D. Brooks	8-K	001-36957	10.1	12/4/20	
10.3	Executive Employment and Severance Agreement, dated as of September 30, 2020, by and between the Company and Paul D. McKinney	8-K	001-36957	10.1	10/6/20	
10.4	Employment and Severance Agreement, dated as of September 30, 2020, by and between the Company and Alexander Dyes	8-K	001-36057	10.1	12/22/20	
10.5	Employment and Severance Agreement, dated as of September 30, 2020, by and between the Company and Marinos C. Baghdati	8-K	001-36057	10.2	12/22/2-	
10.6*	Ring Energy Inc. Long Term Incentive Plan, as Amended	8-K	000-53920	99.3	1/24/13	
10.7*	Form of Option Grant for Long-Term Incentive Plan	10-Q	000-53920	10.2	8/14/12	
10.8	Executive Committee Charter	10-K	000-53920	10.9	4/1/13	
10.9	Audit Committee Charter	10-K	000-53920	10.10	4/1/13	
10.10	Compensation Committee Charter	10-K	000-53920	10.11	4/1/13	
10.11	Nominating and Corporate Governance Committee Charter	10-K	000-53920	10.12	4/1/13	
10.12	Credit Agreement dated July 1, 2014 with SunTrust Bank[1]	8-K	001-36057	10.1	7/3/14	
10.13	First Amendment to Credit Agreement with SunTrust Bank	8-K	001-36057	10.1	6/29/15	
10.14	Second Amendment to Credit Agreement with SunTrust Bank	8-K	001-36057	10.1	7/29/15	
10.15	Third Amendment to Credit Agreement with SunTrust Bank	8-K	001-36057	10.1	5/20/16	
10.16	Fourth Amendment to Credit Agreement with SunTrust Bank	10-K	001-36057	10.16	03/16/21	

10.17	Fifth Amendment to Credit Agreement with SunTrust	8-K	001-36057	10.1	6/19/18	
10.18	Amended and Restated Credit Agreement with SunTrust Bank	10-Q	001-36057	10.2	5/8/19	
10.19	First Amendment to Amended and Restated Credit Agreement with SunTrust Bank	8-K	001-36057	10.1	12/9/19	
10.20	Second Amendment to Amended and Restated Credit Agreement, dated June 17, 2020, by and among Ring Energy, Inc., the lenders party thereto, and Truist Bank, as administrative agent for the lenders and as issuing bank	8-K	001-36057	10.1	6/19/20	
10.21	Third Amendment to Amended and Restated Credit Agreement with Truist Bank	8-K	001-36057	10.1	12/29/20	
10.22	Development Agreement with Torchlight Energy Resources, Inc.	8-K	001-36057	10.1	10/18/13	
10.23	Purchase and Sale Agreement, dated February 4, 2014, between Ring Energy, Inc. and Raw Oil & Gas, Inc., JDH Raw LC, and Smith Energy Company	8-K	001-36057	10.1	2/7/14	
10.24	Purchase and Sale Agreement effective May 1, 2015, with Finley Production Co., LP, BDT Oil & Gas, LP, Metcalfe Oil, LP, Grasslands Energy, LP, Buffalo Oil & Gas, LP and Finley Resources, Inc.	8-K	001-36057	2.1	5/22/15	
10.25	Commitment Letter dated February 24, 2019, between Ring Energy, Inc., SunTrust Bank and SunTrust Robinson Humphrey, Inc.	8-K	001-36057	10.1	2/28/19	
14.1	Code of Ethics	8-K	000-53920	14.1	1/24/13	
16.1	Letter dated April 19, 2012, from Haynie & Company	8-K	000-53920	16.1	4/19/12	
23.1	Consent of Cawley, Gillespie & Associated, Inc.	10-K	001-36057	23.1	03/16/21	
23.2	Consent of Eide Bailly LLP	10-K	001-36057	23.2	03/16/21	
23.3	Consent of Moss Adams LLP	8-K/A	001-36057	23.1	6/19/19	
31.1	Rule 13a-14(a) Certification by Chief Executive Officer					X
31.2	Rule 13a-14(a) Certification by Chief Financial Officer					X
32.1	Section 1350 Certification of Chief Executive Officer					X
32.2	Section 1350 Certification Chief Financial Officer					X
99.1	Reserve Report of Cawley, Gillespie & Associates, Inc.	10-K	001-36057	99.1	03/16/21	
101.INS	Inline XBRL Instance Document					X
101.SCH	Inline XBRL Taxonomy Extension Schema Document					X
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document					X
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).					

* Management contract

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on behalf by the undersigned, thereunto duly authorized.

Ring Energy, Inc.

By: */s/ Paul D. McKinney*
Mr. Paul D. McKinney
Chief Executive Officer

Date: March 17, 2021

By: */s/ William R. Broaddrick*
Mr. William R. Broaddrick
Chief Financial Officer

Date: March 17, 2021

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the date indicated.

/s/ Paul D. McKinney
Mr. Paul D. McKinney
Director

Date: March 17, 2021

/s/ Anthony B. Petrelli
Mr. Anthony B. Petrelli
Director

Date: March 17, 2021

/s/ Regina Roesener
Mrs. Regina Roesener
Director

Date: March 17, 2021

/s/ Clayton E. Woodrum
Mr. Clayton E. Woodrum
Director

Date: March 17, 2021

/s/ Richard Harris
Mr. Richard Harris
Director

Date: March 17, 2021

/s/ John Crum
Mr. John Crum
Director

Date: March 17, 2021

/s/ Thomas Mitchell
Mr. Thomas Mitchell
Director

Date: March 17, 2021

RING ENERGY, INC.

INDEX TO FINANCIAL STATEMENTS

CPAs & BUSINESS ADVISORS

Report of Independent Registered Public Accounting Firm

To the Board of Directors and
Stockholders of Ring Energy, Inc.
The Woodlands, Texas

Opinions on the Financial Statements and Internal Control Over Financial Reporting
We have audited the accompanying balance sheets of Ring Energy, Inc. (Ring Energy) as of December 31, 2020 and 2019, and the related statements of operations, stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2020, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of Ring Energy as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2020, in conformity with accounting principles generally accepted in the United States of America.

We also have audited Ring Energy's internal control over financial reporting as of December 31, 2020, based on criteria established in 2013 Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, Ring Energy maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in 2013 Internal Control—Integrated Framework issued by COSO.

Basis for Opinion
Ring Energy's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting appearing under Item 9A. Our responsibility is to express an opinion on the entity's financial statements and an opinion on the entity's internal control over financial reporting based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to Ring Energy in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud, and whether effective internal control over financial reporting was maintained in all material respects.

Our audits of the financial statements included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

Definition and Limitations of Internal Control Over Financial Reporting

An entity's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and directors of the entity; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee that (1) relate to accounts or disclosures that are material to the financial statements and (2) involve our especially challenging, subjective, or complex judgement. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

Depletion expense and ceiling test calculation of oil and natural gas properties impacted by the estimation of proved oil and natural gas reserves

As described further in Note 1 to the financial statements, the Company uses the full cost method of accounting for oil and natural gas properties. This accounting method requires management to make estimates of proved oil and natural gas reserves and related future cash flows to compute and record depreciation, depletion and amortization expense, as well as to assess potential impairment of oil and natural gas properties (the full cost ceiling test). To estimate the volume of proved oil and natural gas reserves quantities, management makes significant estimates and assumptions including forecasting the production decline rate of producing properties and forecasting the timing and volume of production associated with the Company's development plan for proved undeveloped properties. In addition, the estimation of proved oil and natural gas reserves is also impacted by management's judgements and estimates regarding the financial performance of wells associated with those proved oil and natural gas reserves to determine if wells are expected to be economical under the appropriate pricing assumptions that are required in the estimation of depreciation, depletion and amortization expense and potential ceiling test impairment assessments. We identified the estimation of proved oil and natural gas reserves as it relates to the recognition of depreciation, depletion and amortization expense and the assessment of potential impairment as a critical audit matter.

The principal consideration for our determination that the estimation of proved oil and natural gas reserves is a critical audit matter is that there is significant judgement by management and use of specialist in developing the estimates of proved oil and natural gas reserves and a relatively minor change in certain inputs and assumptions that are necessary to estimate the volume and future cash flows of the Company's proved oil and natural gas reserves could have a significant impact on the measurement of depreciation, depletion and amortization expense and/or impairment expense. In turn, auditing those inputs and assumptions required subjective and complex auditor judgement.

Our audit procedures related to the estimation of proved oil and natural gas reserves included the following, among others.

- We tested the design and operating effectiveness of internal controls relating to management's estimation of proved oil and natural gas reserves for the purpose of estimating depreciation, depletion and amortization expense and assessing for ceiling test impairment.
- We evaluated the independence, objectivity, and professional qualifications of the Company's independent petroleum engineer specialist and read the report prepared by the Company's independent petroleum engineer specialist.

- We evaluated the sensitive inputs and assumptions used to determine proved reserve volumes and other cash flow inputs and assumptions that are derived from the Company's accounting records, such as historical pricing differentials, operating costs, estimated capital costs, and ownership interests. We tested management's process for determining the assumptions, including the underlying support, on a sample basis where applicable. Specifically, our audit procedures involved testing management's assumptions as follows:
  - Tested the working and net revenue interest used in the reserve report
  - Tested the model used to determine the future capital expenditures by comparing estimated future capital expenditures used in the reserve report to amounts expended for recently drilled and completed wells, where applicable;
  - Compared the estimated pricing differentials used in the reserve report to realized prices related to revenue transactions recorded in the current year;
  - Tested the model used to estimate the operating costs at year end and compared to historical operating costs;
  - Evaluated the Company's evidence supporting the proved undeveloped properties reflected in the reserve report by examining historical conversion rates and support for the Company's ability to fund and intent to develop the proved undeveloped properties.

EideBailly
CPAs & BUSINESS ADVISORS

Valuation Allowance of Deferred Tax Assets

As described in Note 1 to the financial statements, the Company records a valuation allowance to reduce total net deferred tax assets when a judgement is made that is considered more likely than not that a tax benefit will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences will become deductible. We identified the realizability of deferred tax assets as a critical audit matter.

The principal considerations for our determination that the realizability of deferred tax assets is a critical audit matter are that (a) the forecast of future taxable income is subject to a high level of estimation and (b) the determination of any limitations on the utilization of net operating loss carryforwards involve complex calculations and judgement. There is inherent uncertainty and subjectivity related to management's judgements and assumptions regarding the Company's future taxable income, which are complex in nature and require significant auditor judgment.

Our audit procedures related to the valuation of deferred tax assets included the following, among others.

- We tested the effectiveness of controls over management's estimate of the realization of the deferred tax assets and management's tax planning strategies and the determination of whether it is more likely than not that the deferred tax assets will be realized prior to expiration.
- We tested the reasonableness of management's corporate model used to estimate future taxable income by comparing the estimates to the following:
    - Historical taxable income.
    - Evidence obtained in other areas of the audit.
    - Management's history of carrying out its stated plans and its ability to carry out its plans.

We have served as Ring Energy's auditor since 2013.

Eide Bailly LLP

Denver, Colorado
March 16, 2021

RING ENERGY, INC.
BALANCE SHEETS

As of December 31,	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents	$ 3,578,634	$ 10,004,622
Accounts receivable	14,997,979	22,909,195
Joint interest billing receivable	1,327,262	1,812,469
Derivative receivable	499,906	—
Prepaid expenses and retainers	396,109	3,982,255
Total Current Assets	20,799,890	38,708,541
Properties and Equipment		
Oil and natural gas properties subject to amortization	836,514,815	1,083,966,135
Financing lease asset subject to depreciation	858,513	858,513
Fixed assets subject to depreciation	1,520,890	1,465,551
Total Properties and Equipment	838,894,218	1,086,290,199
Accumulated depreciation, depletion and amortization	(200,111,658)	(157,074,044)
Net Properties and Equipment	638,782,560	929,216,155
Operating lease asset	1,494,399	1,867,044
Deferred Financing Costs	2,379,348	3,214,408
Total Assets	$ 663,456,197	$ 973,006,148
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$ 32,500,081	$ 54,635,602
Financing lease liability	295,311	280,970
Operating lease liability	859,017	1,175,904
Derivative liabilities	3,287,328	3,000,078
Total Current Liabilities	36,941,737	59,092,554
Deferred income taxes	—	6,001,176
Revolving line of credit	313,000,000	366,500,000
Financing lease liability, less current portion	126,857	424,126
Operating lease liability, less current portion	635,382	691,140
Derivative liabilities	869,273	—
Asset retirement obligations	17,117,135	16,787,219
Total Liabilities	368,690,384	449,496,215
Stockholders' Equity		
Preferred stock - $0.001 par value; 50,000,000 shares authorized; no shares issued or outstanding	—	—
Common stock - $0.001 par value; 150,000,000 shares authorized; 85,568,287 shares and 67,993,797 shares issued and outstanding, respectively	85,568	67,994
Additional paid-in capital	550,951,415	526,301,281
Accumulated deficit	(256,271,170)	(2,859,342)
Total Stockholders' Equity	294,765,813	523,509,933
Total Liabilities and Stockholders' Equity	$ 663,456,197	$ 973,006,148

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

RING ENERGY, INC.
STATEMENTS OF OPERATIONS

For the years ended December 31,	2020	2019	2018
Oil and Natural Gas Revenues	$ 113,025,138	$ 195,702,831	$ 120,065,361
Costs and Operating Expenses			
Oil and natural gas production costs	36,968,873	48,496,225	27,801,989
Oil and natural gas production taxes	5,228,090	9,130,379	5,631,093
Depreciation, depletion and amortization	43,010,660	56,204,269	39,024,886
Ceiling test impairment	277,501,943	—	14,172,309
Asset retirement obligation accretion	906,616	943,707	606,459
Operating lease expense	1,196,372	925,217	—
General and administrative expense	16,874,050	19,866,706	12,867,686
Total Costs and Operating Expenses	381,686,604	135,566,503	100,104,422
Income (Loss) from Operations	(268,661,466)	60,136,328	19,960,939
Other Income (Expense)			
Interest income	8	13,511	97,855
Interest (expense)	(17,617,614)	(13,865,556)	(427,898)
Realized gain (loss) on derivatives	22,522,591	—	(11,153,701)
Unrealized gain (loss) on change in fair value of derivatives	(1,156,523)	(3,000,078)	3,968,286
Deposit forfeiture income	5,500,000	—	—
Net Other Income (Expense)	9,248,462	(16,852,123)	(7,515,458)
Income (Loss) Before Provision for Income Taxes	(259,413,004)	43,284,205	12,445,481
Benefit from (Provision for) Income Taxes	6,001,176	(13,787,654)	(3,445,721)
Net Income (Loss)	$ (253,411,828)	$ 29,496,551	$ 8,999,760
Basic Earnings (Loss) per share	$ (3.48)	$ 0.44	$ 0.15
Diluted Earnings (Loss) per share	$ (3.48)	$ 0.44	$ 0.15

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

RING ENERGY, INC.
STATEMENTS OF STOCKHOLDERS' EQUITY

	Common Stock		Additional Paid-in	Retained Earnings (Accumulated	Total Stockholders'
	Shares	Amount	Capital	Deficit)	Equity
Balance, December 31, 2017	54,224,029	$ 54,224	$ 397,904,769	$ (41,355,653)	$ 356,603,340
Share-based compensation	—	—	3,870,934	—	3,870,934
Options exercised (cashless exercise)	103,113	103	(103)	—	—
Options exercised	50,000	50	99,950	—	100,000
Restricted stock vested	64,620	65	(65)	—	—
Common stock issued for cash, net	6,164,000	6,164	81,814,974	—	81,821,138
Common stock issued for property acquisition	2,623,948	2,624	11,201,634	—	11,204,258
Net income	—	—	—	8,999,760	8,999,760
Balance, December 31, 2018	63,229,710	$ 63,230	$ 494,892,093	$ (32,355,893)	$ 462,599,430
Common stock issued as partial consideration in acquisition	4,576,951	4,577	28,326,750	—	28,331,327
Restricted stock vested	187,136	187	(187)	—	—
Share-based compensation	—	—	3,082,625	—	3,082,625
Net income	—	—	—	29,496,551	29,496,551
Balance, December 31, 2019	67,993,797	$ 67,994	$ 526,301,281	$ (2,859,342)	$ 523,509,933
Return of common stock issued as consideration in asset acquisition	(16,702)	(17)	(103,368)	—	(103,385)
Common stock and warrants issued for cash, net	13,075,800	13,076	19,366,756	—	19,379,832
Exercise of pre-funded warrants issued in offering	3,300,000	3,300	—	—	3,300
Common stock issued for services	35,000	35	23,765	—	23,800
Restricted stock vested	1,180,392	1,180	(1,180)	—	—
Share-based compensation	—	—	5,364,162	—	5,364,162
Net (loss)	—	—	—	(253,411,828)	(253,411,828)
Balance, December 31, 2020	85,568,287	$ 85,568	$ 550,951,415	$ (256,271,170)	$ 294,765,813

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

RING ENERGY, INC.
STATEMENTS OF CASH FLOWS

For the Years Ended December 31,	2020	2019	2018
Cash Flows From Operating Activities			
Net income (loss)	$ (253,411,828)	$ 29,496,551	$ 8,999,760
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation, depletion and amortization	43,010,660	56,204,269	39,024,886
Ceiling test impairment	277,501,943	—	14,172,309
Accretion expense	906,616	943,707	606,459
Amortization of deferred financing costs	1,190,109	991,310	—
Stock-based compensation	5,364,162	3,082,625	3,870,934
Shares issued for services	23,800	—	—
Deferred income tax expense (benefit)	(3,975,170)	9,500,517	2,537,837
Excess tax expense (benefit) related to stock-based compensation	(2,026,006)	3,855,389	907,884
Adjustment to deferred tax asset for change in effective tax rate	—	431,748	—
Change in fair value of derivative instruments	1,156,523	3,000,078	(3,968,286)
Changes in assets and liabilities:			
Accounts receivable	7,896,517	(10,035,648)	666,283
Prepaid expenses and retainers	3,586,146	(1,878,667)	(318,190)
Accounts payable	(8,380,594)	12,320,308	4,435,269
Settlement of asset retirement obligation	(683,623)	(1,295,966)	(577,824)
Net Cash Provided by Operating Activities	72,159,255	106,616,221	70,357,321
Cash Flows From Investing Activities			
Payments for the Wishbone Acquisition	—	(276,061,594)	—
Payments to purchase oil and natural gas properties	(1,317,313)	(3,400,411)	(4,656,484)
Proceeds from divestiture of oil and natural gas properties	—	8,547,074	—
Payments to develop oil and natural gas properties	(42,457,745)	(152,125,320)	(198,870,366)
Proceeds from disposal of fixed assets subject to depreciation	—	—	105,536
Purchase of fixed assets subject to depreciation	(55,339)	—	—
Net Cash Used in Investing Activities	(43,830,397)	(423,040,251)	(203,421,314)
Cash Flows From Financing Activities			
Proceeds from revolving line of credit	26,500,000	327,000,000	39,500,000
Payments on revolving line of credit	(80,000,000)	—	—
Proceeds from issuance of common stock and warrants	19,383,131	—	81,821,138
Proceeds from option exercise	—	—	100,000
Payment of deferred financing costs	(355,049)	(3,781,657)	—
Reduction of financing lease liabilities	(282,928)	(153,417)	—
Net Cash Provided by (Used in) Financing Activities	(34,754,846)	323,064,926	121,421,138
Net Increase (Decrease) in Cash	(6,425,988)	6,640,896	(11,642,855)
Cash at Beginning of Period	10,004,622	3,363,726	15,006,581
Cash at End of Period	$ 3,578,634	$ 10,004,622	$ 3,363,726
Supplemental Cash Flow Information			
Cash paid for interest	$ 16,911,344	$ 10,364,313	$ 323,916
Noncash Investing and Financing Activities			
Asset retirement obligation incurred during development	$ 99,436	$ 631,727	$ 1,311,956
Asset retirement obligation acquired	—	39,701	2,571,549
Asset retirement obligation revision of estimate	34,441	—	87,960
Operating lease assets obtained in exchange for new operating lease liability	823,727	2,319,185	—
Financing lease assets obtained in exchange for new financing lease liability	—	858,513	—
Prepaid asset settled in divestiture of oil and natural gas properties	—	1,019,876	—
Oil and gas assets and properties acquired through stock issuance	—	—	11,204,258
Stock issued in property acquisition returned in final settlement	103,385	—	—
Capitalized expenditures attributable to drilling projects financed through current liabilities	1,415,073	15,170,000	26,000,000
Supplemental Schedule of Investing Activities Wishbone Acquisition			
Assumption of joint interest billing receivable	—	1,464,394	—
Assumption of prepaid assets	—	2,864,554	—
Assumption of accounts and revenue payables	—	(1,234,861)	—
Asset retirement obligation incurred through acquisition	—	(3,705,941)	—
Common stock issued as partial consideration in acquisition	—	(28,331,327)	—
Oil and gas properties subject to amortization	—	305,004,775	—
Cash paid	—	276,061,594	—

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

RING ENERGY, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – ORGANIZATION, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations – Ring Energy, Inc. is a Nevada corporation. Ring Energy, Inc. is referred to herein as the "Company." The Company owns interests in oil and natural gas properties located in Texas and New Mexico and is engaged primarily in the acquisition, exploration and development of oil and natural gas properties and the production and sale of oil and natural gas.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("US GAAP") 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 future results of operations.

Fair Value Measurements - Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The Financial Accounting Standards Board ("FASB") has established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels. Level 1 inputs are the highest priority and consist of unadjusted quoted prices in active markets for identical assets and liabilities. Level 2 are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 are unobservable inputs for an asset or liability.

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 carrying amounts of receivables and accounts payable and other current assets and liabilities approximate fair value because of the short-term maturities and/or liquid nature of these assets and liabilities.

Fair Value of Non-financial Assets and Liabilities – The Company also applies fair value accounting guidance to initially, or as events dictate, measure non-financial assets and liabilities such as those obtained through business acquisitions, property and equipment and asset retirement obligations. These assets and liabilities are subject to fair value adjustments only in certain circumstances and are not subject to recurring revaluations. Fair value may be estimated using comparable market data, a discounted cash flow method, or a combination of the two as considered appropriate based on the circumstances. Under the discounted cash flow method, estimated future cash flows are based on management's expectations for the future and include estimates of future oil and natural gas production or other applicable sales estimates, operational costs and a risk-adjusted discount rate. The Company may use the present value of estimated future cash inflows and/or outflows or third-party offers or prices of comparable assets with consideration of current market conditions to value its non-financial assets and liabilities when circumstances dictate determining fair value is necessary. Given the significance of the unobservable nature of a number of the inputs, these are considered Level 3 on the fair value hierarchy.

Concentration of Credit Risk and Accounts Receivable – Financial instruments that potentially subject the Company to a concentration of credit risk consist principally of cash and accounts receivable. The Company has cash in excess of federally insured limits of $3,328,634 and $9,754,622 as of December 31, 2020 and 2019, respectively. The Company places its cash with a high credit quality financial institution.

Substantially all of the Company's accounts receivable is from purchasers of oil and natural gas. Oil and natural gas sales are generally unsecured. The Company has not had any significant credit losses in the past and believes its accounts receivable are fully collectable. The Company also has a joint interest billing receivable. Joint interest billing receivables are collateralized by the pro rata revenue attributable to the joint interest holders and further by the interest itself. Accordingly, no allowance for doubtful accounts has been provided as of December 31, 2020 and 2019.

Cash and Cash Equivalents – The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Oil and Natural Gas Properties – The Company uses the full cost method of accounting for oil and natural gas properties. Under this method, all costs (direct and indirect) associated with acquisition, exploration, and development of oil and natural gas properties 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.

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 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.

All capitalized costs of oil and natural gas properties, including the estimated future costs to develop proved reserves and estimated future costs to plug and abandon wells and costs of site restoration, less the estimated salvage value of equipment associated with the oil and natural gas properties, are amortized on the unit-of-production method using estimates of proved reserves as determined by independent petroleum engineers. If the results of an assessment indicate that the properties are impaired, the amount of the impairment is offset to the capitalized costs to be amortized. The following table shows total depletion and the depletion per barrel-of-oil-equivalent rate, for the years ended December 31, 2020, 2019 and 2018.

	For the Years Ended December 31,		
	2020	2019	2018
Depletion	$ 42,634,294	$ 55,870,246	$ 38,810,864
Depletion rate, per barrel-of-oil-equivalent (BOE)	$ 13.25	$ 14.15	$ 17.38

In addition, capitalized costs less accumulated depreciation, depletion and amortization and related deferred income taxes shall not exceed an amount (the full cost ceiling) equal to the sum of:

1) the present value of estimated future net revenues discounted ten percent computed in compliance with SEC guidelines;

2) plus the cost of properties not being amortized;

3) plus the lower of cost or estimated fair value of unproven properties included in the costs being amortized;

4) less income tax effects related to differences between the book and tax basis of the properties.

For the years ended December 31, 2020 and 2018, the Company recognized impairments on oil and natural gas properties as a result of the ceiling test in the amount of $277,501,943 and $14,172,309, respectively. No impairment was recorded for the year ended December 31, 2019.

Land, Buildings, Equipment and Leasehold Improvements – Land, buildings, equipment and leasehold improvements are carried at historical cost, adjusted for impairment loss and accumulated depreciation. Historical costs include all direct costs associated with the acquisition of land, buildings, equipment and leasehold improvements and placing them in service.

Depreciation of buildings equipment , software and leasehold improvements is calculated using the straight-line method based upon the following estimated useful lives:

Leasehold improvements	3-10 years
Office equipment and software	3-7 years
Equipment	5-10 years

Depreciation expense was $376,366, $334,023 and $214,022 for the years ended December 31, 2020, 2019 and 2018, respectively.

Revenue Recognition – In January 2018, the Company adopted Accounting Standards Update ("ASU") 2014-09 *Revenues from Contracts with Customers (Topic 606)* ("ASU 2014-09"). The timing of recognizing revenue from the sale of produced crude oil and natural gas was not changed as a result of adopting ASU 2014-09. The Company predominantly derives its revenue from the sale of produced crude oil and natural gas. The contractual performance obligation is satisfied when the product is delivered to the customer. Revenue is recorded in the month the product is delivered to the purchaser. The Company receives payment from one to three months after delivery. The transaction price includes variable consideration as product pricing is based on published market prices and reduced for contract specified differentials. The new guidance regarding ASU 2014-09 does not require that the transaction price be fixed or stated in the contract. Estimating the variable consideration does not require significant judgment and Ring engages third party sources to validate the estimates. Revenue is recognized net of royalties due to third parties in an amount that reflects the consideration the Company expects to receive in exchange for those products. See Note 2 for additional information.

Income Taxes – Provisions for income taxes are based on taxes payable or refundable for the current year and deferred taxes. Deferred taxes are provided on differences between the tax basis of assets and liabilities and their reported amounts in the financial statements, and tax carry forwards. Deferred tax assets and liabilities are included in the financial statements at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

In January 2017, the Company adopted ASU 2016-09, *Compensation – Stock Compensation (Topic 718.)* The Company used the modified retrospective method to account for unrecognized excess tax benefits from prior periods and uses the prospective method to account for current period and future excess tax benefit. For the years ended December 31, 2020, 2019 and 2018, we recorded a benefit of $2,026,006, a provision of $3,855,389 and a provision of $907,884, respectively, to our income tax provision (benefit).

On December 22, 2017, the President of the United States signed into law the Tax Cuts and Jobs Act of 2017 (the "Tax Act"). The SEC subsequently issued a Staff Accounting Bulletin No. 118, "Income Tax Accounting Implications of the Tax Cuts and Jobs Act" ("SAB 118"), which provides guidance on accounting for the tax effects of the Tax Act. Among other changes, the Tax Act lowered the corporate tax rate to 21%.

For the year ended December 31, 2020, the Company recorded a full valuation allowance against the deferred tax asset of $50,553,125. The Company was in a deferred tax asset position as a result of the ceiling test impairment recorded during 2020. No valuation allowance was recorded for the years ended December 31, 2019 or 2018.

Accounting for Uncertainty in Income Taxes – In accordance with generally accepted accounting principles, the Company has analyzed its filing positions in all jurisdictions where it is required to file income tax returns for the open tax years in such jurisdictions. The Company has identified its federal income tax return and its franchise tax return in Texas in which it operates as "major" tax jurisdictions. The Company's federal income tax returns for the years ended December 31, 2016 through 2019 remain subject to examination. The Company's franchise tax returns in Texas remain subject to examination for 2015 through 2019. The Company currently believes that all significant filing positions are highly certain and that all of its significant income tax filing positions and deductions would be sustained upon audit. Therefore, the Company has no significant reserves for uncertain tax positions and no adjustments to such reserves were required by generally accepted accounting principles. No interest or penalties have been levied against the Company and none are anticipated; therefore, no interest or penalty has been included in our provision for income taxes in the statements of operations.

Earnings (Loss) Per Share – Basic earnings (loss) per share is computed by dividing net income (loss) by the weighted-average number of common shares outstanding during the year. Diluted earnings (loss) per share are calculated to give effect to potentially issuable dilutive common shares.

Major Customers – During the year ended December 31, 2020, sales to three customers represented 68%, 10% and 8%, respectively, of total oil and natural gas sales. As of December 31, 2020, sales outstanding from these three customers represented 80%, 0% and 5%, respectively, of accounts receivable. During the year ended December 31, 2019, sales to three customers represented 42%, 36% and 7%, respectively, of total oil and natural gas sales. As of December 31, 2019, sales outstanding from these three customers represented 47%, 31% and 9%, respectively, of accounts receivable. During the year ended December 31, 2018, sales to two customers represented 85% and 11%, respectively, of total oil and natural gas sales. As of December 31, 2018, sales outstanding from one customer made up 90% of accounts receivable. The loss of any of our customers would not have a material adverse effect on the Company as there is an available market for its oil and natural gas production from other purchasers.

Stock-Based Employee and Non-Employee Compensation – The Company has outstanding stock options to directors, employees and contract employees, which are described more fully in Note 13. The Company accounts for its stock options grants in accordance with generally accepted accounting principles. Generally accepted accounting principles require the recognition of the cost of services received in exchange for an award of equity instruments in the financial statements and is measured based on the grant date fair value of the award. Generally accepted accounting principles also requires stock option compensation expense to be recognized over the period during which an employee or non-employee is required to provide service in exchange for the award (the vesting period).

Stock-based compensation incurred for the years ended December 31, 2020, 2019 and 2018 was $5,364,162, $3,082,625 and $3,870,934, respectively.

Derivative Instruments and Hedging Activities - The Company may periodically enter into derivative contracts to manage its exposure to commodity risk. These derivative contracts, which are generally placed with major financial institutions, may take the form of forward contracts, futures contracts, swaps, or options. The oil and gas reference prices upon which the commodity derivative contracts are based reflect various market indices that have a high degree of historical correlation with actual prices received by the Company for its oil and natural gas production.

When applicable, the Company records all derivative instruments, other than those that meet the normal purchases and sales exception, on the balance sheet as either an asset or liability measured at fair value. Changes in fair value are recognized currently in earnings unless specific hedge accounting criteria are met.

Recently Adopted Accounting Pronouncements – In August 2018, the FASB issued Accounting Standards Updated ("ASU") 2018-13, *Fair Value Measurement (Topic 820): Changes to the Disclosure Requirements for Fair Value Measurement ("ASU 2018-13").* ASU 2018-13 eliminates, adds and modifies certain disclosure requirements for fair value measurement. ASU 2018-13 is effective for annual and interim periods beginning January 1, 2020, with early adoption permitted for either the entire standard or only the provisions that eliminate or modify requirements. ASU 2018-13 requires that the additional disclosure requirements be adopted using a retrospective approach. The adoption of this guidance did not have a material impact on the Company's financial statements.

Recent Accounting Pronouncements - In October 2020, the FASB issued ASU 2020-10, "Codification Improvements," which clarifies or improves disclosure requirements for various topics to align with Securities and Exchange Commission (SEC) regulations. This update is effective for the Company beginning in the first quarter of 2021 and will be applied retrospectively. The adoption and implementation of this ASU will not have a material impact on the Company's financial statements.

NOTE 2 – REVENUE RECOGNITION

Oil sales

Under the Company's oil sales contracts, the Company sells oil production at the point of delivery and collects an agreed upon index price, net of pricing differentials. The Company recognizes revenue when control transfers to the purchaser at the point of delivery at the net price received.

Natural gas sales

Under the Company's natural gas sales processing contracts for our Central Basin Platform properties, Delaware Basin properties and part of our Northwest Shelf assets, the Company delivers unprocessed natural gas to a midstream processing entity at the wellhead. The midstream processing entity obtains control of the natural gas at the wellhead. The midstream processing entity gathers and processes the natural gas and remits proceeds to the Company for the resulting sale of natural gas. Under these processing agreements, the Company recognizes revenue when control transfers to the purchaser at the point of delivery. As such, the Company accounts for any fees and deductions as a reduction of the transaction price.

Under the Company natural gas sales processing contracts for the bulk of our Northwest Shelf assets, the Company delivers unprocessed natural gas to a midstream processing entity at the well head. However, the Company maintains ownership of the gas through processing and receives proceeds from the marketing of the resulting products. Under this processing agreement, the Company recognizes the fees associated with the processing as an expense rather than netting these costs against revenue.

Disaggregation of Revenue. The following table presents revenues disaggregated by product:

	For the years ended December 31,		
	2020	2019	2018
Operating revenues			
Oil	$ 109,113,557	$ 191,891,314	$ 116,678,375
Natural gas	3,911,581	3,811,517	3,386,986
Total operating revenues	$ 113,025,138	$ 195,702,831	$ 120,065,361

NOTE 3 – LEASES

Effective January 1, 2019, the Company adopted ASU 2016-02, *Leases* (Topic 842). This guidance attempts to increase transparency and comparability among organizations by recognizing certain lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The main difference between previous GAAP methodology and the method in this new guidance is the recognition on the balance sheet of certain lease assets and lease liabilities by lessees for those leases that were classified as operating leases under previous GAAP.

The Company made accounting policy elections to not capitalize leases with a lease term of twelve months or less and to not separate lease and non-lease components for all asset classes. The Company has also elected to adopt the package of practical expedients within ASU 2016-02 that allows an entity to not reassess prior to the effective date (i) whether any expired or existing contracts are or contain leases, (ii) the lease classification for any expired or existing leases, or (iii) initial direct costs for any existing leases and the practical expedient regarding land easements that exist prior to the adoption of ASU 2016-02. The Company did not elect the practical expedient of hindsight when determining the lease term of existing contracts at the effective date.

The Company has operating leases for our offices in Midland, Texas and Tulsa, Oklahoma. The Midland office is under a five-year lease beginning January 1, 2021. The Tulsa lease is month-to-month but the Company does not intend to continue use of this office. As of December 31, 2019, the Company did intend to continue use of the Tulsa office and, as such, the lease costs associated with the Tulsa lease has been accounted for as operating leases with a term that end on December 31, 2020. However, it is not reflected in future lease payments as it is now a short-term lease. The office space being leased in Tulsa is owned by Arenaco, LLC, a company that is owned by Mr. Rochford, former Chairman of the Board of the Company, and Mr. McCabe, a former Director of the Company. Subsequent to December 31, 2020, the Company entered into a lease for office space in The Woodlands, Texas. The future payments associated with this lease are not reflected below.

The Company also has month to month leases for office equipment and compressors used in our operations on which the Company has elected to apply ASU 2016-02. While these leases are month to month, the Company intends to continue these leases for the useful life of the assets. As such, these leases have been accounted for as if the lease term lasts through the estimated useful life of the assets.

The Company also has month to month leases or other short-term leases for equipment used in our operations on which the Company has made accounting policy elections not to capitalize these leases. These leases are for terms that are less than 12 months and the Company does not intend to continue to lease this equipment for more than 12 months. The lease costs associated with these leases is reflected in the short-term lease costs below.

The Company also has financing leases for vehicles. These leases have a term of36 months at the end of which the Company owns the vehicles. These vehicles are generally sold at the end of their term and the proceeds applied to a new vehicle.

Future lease payments associated with these operating and financing leases as of December 31, 2020 are as follows:

	2021	2022	2023	2024	2025
Operating lease payments (1)	$ 909,035	$ 186,127	$ 178,377	$ 164,527	$ 164,527
Financing lease payments (2)	311,206	132,499	—	—	—

(1) The weighted average discount rate as of December 31, 2020 for operating leases was4.50%. Based on this rate, the future lease payments above include imputed interest of $108,195. The weighted average remaining term of operating leases was3.0 years.

(2) The weighted average discount rate as of December 31, 2020 for financing leases was 5.26%. Based on this rate, the future lease payments above include imputed interest of $21,538. The weighted average remaining term of financing leases was 1.42 years.

The following table provides supplemental information regarding cash flows from operations:

	2020
Operating lease costs	$ 1,196,373
Short term lease costs (1)	5,337,433
Financing lease costs:	
Amortization of financing lease assets (2)	287,413
Interest on lease liabilities (3)	30,237

(1) Amount included in Oil and gas production costs

(2) Amount included in Depreciation, depletion and amortization

(3) Amount included in Interest expense

NOTE 4 – EARNINGS (LOSS) PER SHARE INFORMATION

For the years ended December 31,	2020	2019	2018
Net Income (Loss)	$ (253,411,828)	$ 29,496,551	$ 8,999,760
Basic Weighted-Average Shares Outstanding	72,891,310	66,571,738	59,531,200
Effect of dilutive securities:			
Stock options	—	174,944	1,238,786
Restricted stock	—	10,346	78,191
Common warrants	—	—	—
Diluted Weighted-Average Shares Outstanding	72,891,310	66,757,028	60,848,177
Basic Earnings (Loss) per Share	$ (3.48)	$ 0.44	$ 0.15
Diluted Earnings (Loss) per Share	$ (3.48)	$ 0.44	$ 0.15

Stock options to purchase 465,500, 2,353,500 and 574,500 shares of common stock were excluded from the computation of diluted earnings per share during the years ended December 31, 2020, 2019 and 2018, respectively, as their effect would have been anti-dilutive. 2,144,617, 704,684 and 2,500 shares of unvested restricted stock were excluded from the computation of diluted earnings per share during the years ended December 31, 2020, 2019 and 2018, respectively, as their effect would have been anti-dilutive. Common warrants to purchase 29,804,300 shares of common stock were excluded from the computation of diluted earnings per share during the year ended December 31, 2020, as their effect would have been anti-dilutive.

Pre-funded warrants to purchase 13,428,500 shares of common stock were included in the calculation of the Basic Weighted-Average Shares Outstanding as they are exercisable for a nominal amount and so are treated as if they were exercised at issuance.

NOTE 5 – ACQUISITIONS

In December 2018, Ring completed the acquisition of oil and natural gas assets and properties in assets in Andrews County. The acquired properties consist of 4,854 gross (4,788 net) acres and include a 100% working interest and a 75% net revenue interest. Consideration given by the Company consisted of 2,623,948 shares valued at $5.80 per share for an aggregate value of $11,204,258 and liabilities assumed of $2,571,549. The Company incurred approximately $23,321 in acquisition related costs, which were recognized in general and administrative expense during the year ended December 31, 2018.

The acquisition was recognized as a business combination whereby Ring recorded the assets acquired and the liabilities assumed at their fair values as of November 1, 2018, 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 the acquired properties 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		
Proved oil and natural gas properties	$	13,775,807
Liabilities assumed		
Asset retirement obligations		(2,571,549)
Total Identifiable Net Assets	$	11,204,258

On April 9, 2019, the Company completed the acquisition of oil and gas properties from Wishbone Energy Partners, LLC, Wishbone Texas Operating Company LLC and WB WaterWorks LLC on the Northwest Shelf in Gaines, Yoakum, Runnels and Coke Counties, Texas and Lea County, New Mexico (the "Acquisition"). The acquired properties consist of 49,754 gross (38,230 net) acres and include a 77% average working interest and a 58% average net revenue interest. Ring executed the Acquisition for the existing production and future development potential. The Company incurred approximately $4.1 million in acquisition related costs, which were recognized in general and administrative expense. Total consideration after purchase price adjustments included cash payments totaling approximately $276.1 million and the issuance of 4,576,951 shares of common stock, of which 2,538,071 shares were placed in escrow to satisfy potential indemnification claims. One half of the shares placed into escrow remain in escrow as of December 31, 2019. The range of potential outcomes regarding the indemnification escrow shares cannot be determined as the Company evaluates whether there are any claims against the indemnification. If no claims are made, the remaining escrow shares will be released pursuant to the terms of the Purchase and Sale Agreement. The shares were valued at the price on the date of the signing of the Purchase and Sale Agreement, February 25, 2019, of $6.19 per share.

The Acquisition was recognized as a business combination whereby Ring recorded the assets acquired and the liabilities assumed at their fair values as of February 1, 2019, which is the date the Company obtained control of the properties and was the acquisition date for financial reporting purposes. The Company determined that it had effective control of the properties effective February 1, 2019 based on Ring having primary decision making ability regarding the properties beginning at that time. Revenues and related expenses for the Acquisition are included in our condensed statements of operations beginning February 1, 2019. The estimated fair value of the acquired properties 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:		
Proved oil and natural gas properties	$	305,004,775
Joint interest billing receivable		1,464,394
Prepaid assets		2,864,554
Liabilities assumed		
Accounts and revenues payable		(1,234,861)
Asset retirement obligations		(3,705,941)
Total Identifiable Net Assets	$	304,392,921

The revenues and direct operating costs associated with the acquired properties included in our financial statements for the year ended December 31, 2019 are as follows:

Revenue	$	105,102,038
Oil and natural gas production costs		17,037,228
Oil and natural gas production taxes		4,646,660
Total direct costs (1)		21,683,888
Earnings from the Acquired properties	$	83,418,150

(1) This includes only oil and natural gas production costs and oil and natural gas production taxes and does not give account to depreciation, depletion and amortization, accretion of asset retirement obligation, general and administrative expense, interest expense or any other cost that cannot be directly correlated to the Acquisition.

The following unaudited pro forma information for the years ended December 30, 2019 and 2018, respectively, is presented to reflect the operations of the Company as if the acquisition of assets had been completed on January 1, 2019 and 2018, respectively:

For the years ended December 31,	2019	2018
Oil and Natural Gas Revenues	$ 202,368,245	$ 196,385,905
Net Income	$ 29,556,993	$ 29,105,827
Basic Earnings per Share	$ 0.44	$ 0.49
Diluted Earnings per Share	$ 0.44	$ 0.48

NOTE 6 – DEPOSIT FORFEITURE INCOME

In the fourth quarter of 2020, the Company entered into an agreement with an intended buyer to sell the Company's Delaware assets. The agreement was amended on six different occasions throughout 2020 releasing the initial deposits to the Company and requiring additional non-refundable deposits. In total, $5,500,000 in non-refundable deposits were made to the Company. In October 2020, the agreement was terminated as the buyer was not able to consummate the transaction. As such, the Company recognized the $5,500,000 as income in our Statements of Operations as no divestiture of assets had occurred.

NOTE 7 – OIL AND NATURAL GAS PRODUCING ACTIVITIES

Set forth below is certain information regarding the aggregate capitalized costs of oil and natural gas properties and costs incurred by the Company for its oil and natural gas property acquisitions, development and exploration activities:

As of December 31,	2020	2019
Proved oil and natural gas properties	$ 836,514,815	$ 1,083,966,135
Financing lease asset subject to depreciation	858,513	858,513
Fixed assets subject to depreciation	1,520,890	1,465,551
Total capitalized costs	838,894,218	1,086,290,199
Accumulated depletion, depreciation and amortization	(200,111,658)	(157,074,044)
Net Capitalized Costs	$ 638,782,560	$ 929,216,155

Net Costs Incurred in Oil and Gas Producing Activities

For the years Ended December 31,	2020	2019
Payments for the Wishbone Acquisition	$ —	$ 276,061,594
Payments to purchase oil and natural gas properties	1,317,313	3,400,411
Proceeds from divestiture of oil and natural gas properties	—	(8,547,074)
Payments to develop oil and natural gas properties	42,457,745	152,125,320
Payments to acquire or improve fixed assets subject to depreciation	55,339	—
Total Net Costs Incurred	$ 43,830,397	$ 423,040,251

NOTE 8 – DERIVATIVE FINANCIAL INSTRUMENTS

The Company is exposed to fluctuations in crude oil and natural gas prices on its production. We can utilize derivative strategies that consist of either a single derivative instrument or a combination of instruments to manage the variability in cash flows associated with the forecasted sale of our future domestic oil and natural gas production. While the use of derivative instruments may limit or partially reduce the downside risk of adverse commodity price movements, their use also may limit future income from favorable commodity price movements.

From time to time the Company enters into derivative contracts to protect the Company's cash flow from price fluctuation and maintain its capital programs. The Company uses either costless collars or swaps for this purpose. Oil derivative contracts are based on WTI Crude Oil prices and natural gas contacts are based on Henry Hub. A "costless collar" is the combination of two options, a put option (floor) and call option (ceiling) with the options structured so that the premium paid for the put option will be offset by the premium received from selling the call option. Similar to costless collars, there is no cost to enter into the swap contracts. On swap contracts, there is no spread and payments will be made or received based on the difference between WTI and the swap contract price.

The following table provides information as to derivative contracts for WTI that were in place during the years ended December 31, 2020, 2019 and 2018. The Company did not have any natural gas derivative contracts during these years.

Date entered into	Period covered	Barrels per day	Put price	Call price	Swap price
2018 costless collars					
09/25/17	Calendar year 2018	1,000	$ 49.00	$ 54.60	
10/27/17	Calendar year 2018	1,000	51.00	54.80	
2019 costless collars					
8/27/2018 (1)	Calendar year 2019	2,000	60.00	70.05	
2020 costless collars					
04/01/19	Calendar year 2020 (2)	1,000	50.00	65.83	
04/01/19	Calendar year 2020 (2)	1,000	50.00	65.40	
11/05/19	Calendar year 2020 (2)	1,000	50.00	58.40	
11/07/19	Calendar year 2020 (2)	1,000	50.00	58.25	
11/11/19	Calendar year 2020 (2)	1,500	50.00	58.65	
2020 swaps					
05/29/20	June 2020 and July 2020 (2)	5,500			$ 33.24

(1) On October 10, 2018, the Company terminated the costless collars for calendar year 2019 through the payment of $3,438,300.

(2) On May 29, 2020, the Company unwound the costless collars for June 2020 and July 2020, resulting in the receipt of a cash payment of $5,435,136. Concurrently, the Company entered into swap contracts at $33.24 for 5,500 barrels per day for June and July 2020, equal to the barrels for which the costless collars were unwound.

Throughout 2020, the Company entered into additional derivative contracts in the form of costless collars and swaps for 2021 and 2022 for both oil and natural gas. The following tables reflect the details of those contracts:

Date entered into	Period covered	Barrels per day	Put price	Call price	Swap price
Oil derivative contracts					
2021 costless collars					
02/25/20	Calendar year 2021	1,000	$ 45.00	$ 54.75	
02/25/20	Calendar year 2021	1,000	45.00	52.71	
02/27/20	Calendar year 2021	1,000	40.00	55.08	
03/02/20	Calendar year 2021	1,500	40.00	55.35	
2021 swaps					
11/25/20	Calendar year 2021	2,000			$ 45.37
12/02/20	Calendar year 2021	500			45.38
12/03/20	Calendar year 2021	500			45.00
12/04/20	Calendar year 2021	500			45.40
12/04/20	Calendar year 2021	500			45.60
12/07/20	Calendar year 2021	500			45.96
2022 swaps					
12/04/20	Calendar year 2022	500			44.22
12/07/20	Calendar year 2022	500			44.75
12/10/20	Calendar year 2022	500			44.97
12/17/20	Calendar year 2022	250			45.98

Date entered into	Period covered	MMBTU per day	Swap price
Natural gas derivative contracts			
2021 swaps			
11/04/20	Calendar year 2021	6,000	$ 2.991
2022 swaps			
11/04/20	Calendar year 2022	5,000	2.7255

Derivative financial instruments are recorded at fair value and included as either assets or liabilities in the accompanying balance sheets. Any gains or losses resulting from changes in fair value of outstanding derivative financial instruments and from the settlement of derivative financial instruments are recognized in earnings and included as a component of other income in the accompanying statements of operations.

The use of derivative transactions involves the risk that the counterparties, which generally are financial institutions, will be unable to meet the financial terms of such transactions. All previous derivative contracts have been with lenders under our credit facility.

NOTE 9 – FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The authoritative guidance requires disclosure of the framework for measuring fair value and requires that fair value measurements be classified and disclosed in one of the following categories:

Level 1: Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. We consider active markets as those in which transactions for the assets or liabilities occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability. This category includes those derivative instruments that we value using observable market data. Substantially all of these inputs are observable in the marketplace throughout the full term of the derivative instrument, can be derived from observable data or are supported by observable levels at which transactions are executed in the marketplace.

Level 3: Measured based on prices or valuation models that require inputs that are both significant to the fair value measurement and less observable from objective sources (i.e., supported by little or no market activity).

Financial assets and liabilities are classified based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of the fair value of assets and liabilities and their placement within the fair value hierarchy. We continue to evaluate our inputs to ensure the fair value level classification is appropriate. When transfers between levels occur, it is our policy to assume that the transfer occurred at the date of the event or change in circumstances that caused the transfer.

As a result of the Wishbone Acquisition, the Company evaluated the fair value of the assets acquired and the liabilities assumed. The Company recorded the oil and gas assets acquired in the Wishbone Acquisition at the price paid. Prior to doing so, the Company determined that the price paid approximated the fair value of the net assets acquired. In doing so, the Company compared the price paid per BOE of existing production to comparable companies enterprise value per BOE of existing production. Additionally, the Company did an evaluation of the reserves acquired, based on varying percentages of the present value discounted at 10 percent (PV-10) of the different categories (PDP, PDNP and PUD) of the reserves. Based on these evaluations, we determined that the price paid was a reasonable approximation of the fair value of the oil and gas assets acquired. Given the significance of the unobservable nature of a number of the inputs, these are considered Level 3 on the fair value hierarchy.

The Company recorded the prepaid expenses, joint interest billing receivables and revenues payable at the carrying value assumed from Wishbone. The carrying amounts of receivables and accounts payable and other current assets and liabilities approximate fair value because of the short-term maturities and/or liquid nature of these assets and liabilities.

The fair values of the Company's derivatives are not actively quoted in the open market. The Company uses a market approach to estimate the fair values of its derivative instruments on a recurring basis, utilizing commodity futures pricing for the underlying commodities provided by a reputable third party, a Level 2 fair value measurement.

The following table summarizes the valuation of our assets and liabilities that are measured at fair value on a recurring basis.

	Fair Value Measurement Classification			
	Quoted prices in Active Markets for Identical Assets or (Liabilities) (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
As of December 31, 2018				
Oil and gas derivative contracts	$ —	$ —	$ —	$ —
Total	$ —	$ —	$ —	$ —
As of December 31, 2019				
Oil and gas derivative contracts	$ —	$ (3,000,078)	$ —	$ (3,000,078)
Total	$ —	$ (3,000,078)	$ —	$ (3,000,078)
As of December 31, 2020				
Oil and gas derivative contracts	$ —	$ (4,156,601)	$ —	$ (4,156,601)
Total	$ —	$ (4,156,601)	$ —	$ (4,156,601)

NOTE 10 – REVOLVING LINE OF CREDIT

On July 1, 2014, the Company entered into a Credit Agreement with SunTrust Bank, as lender, issuing bank and administrative agent for several banks and other financial institutions and lenders (the "Administrative Agent"), which was amended on April June 14, 2018, May 18, 2016, July 24, 2015, and June 26, 2015. In April 2019, the Company amended and restated its Credit Agreement with the Administrative Agent (as amended and restated, the "Credit Facility"). The amendment and restatement of the Credit Facility, among other things, increases the maximum borrowing amount to $1 billion, extends the maturity date through April 2024 and makes other modifications to the terms of the Credit Facility. This Credit Facility was amended on December 23, 2020 and June 17, 2020. The latest amendment adjusted the borrowing base to $350 million and made other modifications to the terms of the Credit Facility. The Credit Facility is secured by a first lien on substantially all of the Company's assets.

The Borrowing Base is subject to periodic redeterminations, mandatory reductions and further adjustments from time to time. The Borrowing Base will be redetermined semi-annually on each May 1 and November 1. The Borrowing Base will also be reduced in certain circumstances such as the sale or disposition of certain oil and gas properties of the Company or its subsidiaries and cancellation of certain hedging positions.

The Credit Facility allows for Eurodollar Loans and Base Rate Loans (as respectively defined in the Credit Facility). The interest rate on each Eurodollar Loan will be the adjusted LIBOR for the applicable interest period plus a margin between 2.5% and 3.5% (depending on the then-current level of Borrowing Base usage). The annual interest rate on each Base Rate Loan is (a) the greatest of (i) the Administrative Agent's prime lending rate, (ii) the Federal Funds Rate (as defined in the Credit Facility) plus 0.5% per annum, (iii) the adjusted LIBOR determined on a daily basis for an interest period of one-month, plus 1.00% per annum and (iv) 0.00% per annum, plus (b) a margin between 1.5% and 2.5% (depending on the then-current level of Borrowing Base usage).

The Credit Facility contains certain covenants, which, among other things, require the maintenance of (i) a total Leverage Ratio (outstanding debt to adjusted earnings before interest, taxes, depreciation and amortization) of not more than 4.0 to 1.0 and (ii) a minimum ratio of Current Assets to Current Liabilities (as such terms are defined in the Credit Facility) of 1.0 to 1.0. The amendment to the credit facility in June 2020 allowed for a Leverage Ratio of not greater than 4.75 to 1 as of the last day of the fiscal quarter ending September 30, 2020. The December 2020 amendment permitted a total Leverage Ratio not greater than 4.25 for the period ending March 31, 2021. The Credit Facility also contains other customary affirmative and negative covenants and events of default. As of December 31, 2020, $313,000,000 was outstanding on the Credit Facility. We are in compliance with all covenants contained in the Credit Facility.

NOTE 11 – ASSET RETIREMENT OBLIGATION

A reconciliation of the asset retirement obligation for the years ended December 31, 2018, 2019 and 2020 is as follows:

Balance, December 31, 2017	$ 9,055,697
Liabilities acquired	$ 2,571,549
Liabilities incurred	1,311,956
Liabilities settled	(577,824)
Revision of estimate (1)	87,960
Accretion expense	606,459
Balance, December 31, 2018	$ 13,055,797
Liabilities acquired	$ 3,745,642
Liabilities incurred	631,727
Liabilities settled	(1,589,654)
Accretion expense	943,707
Balance, December 31, 2019	$ 16,787,219
Liabilities incurred	99,436
Liabilities settled	(710,577)
Revision of estimate (1)	34,441
Accretion expense	906,616
Balance, December 31, 2020	$ 17,117,135

(1) Several factors are considered in the annual review process, including current estimates for removal cost and estimated remaining useful life of the assets. The 2018 revision of estimates reflect decreases in the estimated remaining useful life of certain assets. The 2020 revision of estimates reflect an adjustment to the estimates for plugging costs.

NOTE 12 – STOCKHOLDERS' EQUITY

The Company is authorized to issue 150,000,000 common shares, with a par value of $0.001 per share and 50,000,000 shares of Preferred Stock.

Issuance of equity instruments in public and private offerings – In February 2018, the Company closed on an underwritten public offering of 6,164,000 shares of its common stock, including 804,000 shares sold pursuant to the full exercise of an over-allotment option, at $14.00 per share for gross proceeds of $86,296,000. Total net proceeds from the offering were $81,821,138, after deducting underwriting commissions and offering expenses payable by the Company of $4,474,862.

In October 2020, the Company closed on an underwritten public offering of (i) 9,575,800 Common Shares, (ii) 13,428,500 Pre-Funded Warrants and (iii) 23,004,300 Common Warrants at a combined purchase price of $0.70. This includes a partial exercise of the over-allotment. The Common Warrants have a term of five years and an exercise price of $0.80 per share. Gross proceeds totaled $16,089,582.

Concurrently with the underwritten public offering, the Company closed on a registered direct offering of (i) 3,500,000 Common Shares, (ii) 3,300,000 Pre-Funded Warrants and (iii) 6,800,000 Common Warrants at a combined purchase price of $0.70 per Common Share and Pre-Funded Warrant. The Common Warrants have a term of five years and an exercise price of $0.80 per share. Gross proceeds totaled $4,756,700.

Total gross proceeds from the 2020 underwritten public offering and the registered direct offering aggregated $20,846,282. Total net proceeds aggregated $19,379,832.

Common stock issued pursuant to warrant exercise - In December 2020, the Company issued 3,300,000 shares of common stock pursuant to the exercise of pre-funded warrants issued in the October 2020 registered direct offering. Gross and net proceeds were $3,300.

Common stock issued in property acquisition – As discussed in Note 5, in December 2018, the Company issued 2,623,948 shares of common stock as consideration for the acquisition of oil and natural gas properties. These shares were valued at $5.80 per share for an aggregate of $11,204,258.

Also as discussed in Note 5, in April 2019, the Company completed the acquisition of assets from Wishbone Partners, LLC. As a part of the consideration for the acquisition, the Company issued 4,576,951 shares of common stock. The shares were valued at February 25, 2019, the date of the signing of the Purchase and Sale Agreement. The price on February 25, 2019 was $6.19 per share. The aggregate value of the shares issued, based on this price, was $28,331,327.

In April 2020, 16,702 shares were returned and cancelled as settlement of post-closing adjustments. The shares were valued at February 25, 2019, the date of the signing of the Purchase and Sale Agreement. The price on February 25, 2019 was $6.19 per share. The aggregate value of the shares returned, based on this price, was $103,385.

Common Stock Issued for option exercises – During the year ended December 31, 2018, the Company issued 153,113 shares of common stock as a result of option exercises. No options were exercised in 2019 or 2020. The following tables present the details of the 2018 exercises:

	Options exercised	Exercise price ($)	Shares issued	Shares retained	Cash paid at exercise ($)	Stock price on date of exercise ($)	Aggregate value of shares retained ($)
2018	110,000	$ 2.00	90,375	19,625	$ —	$ 11.21	$ 220,000
	50,000	2.00	50,000	—	100,000	8.00	—
	25,000	7.50	9,829	15,171	—	12.36	$ 187,500
	3,000	8.00	1,059	1,941	—	12.36	$ 24,000
	3,000	5.25	1,750	1,250	—	12.36	$ 15,750
	2,000	11.75	100	1,900	—	12.36	$ 23,500
2018 Totals	193,000		153,113	39,887	$ 100,000		$ 470,750
2018 Weighted Averages		$ 2.96				$ 10.58	

NOTE 13 – EMPLOYEE STOCK OPTIONS, RESTRICTED STOCK AWARD PLAN AND 401(k)

In June 2020, officers and directors of the Company voluntarily returned stock options that had previously been granted to them. In total 2,265,000 options with a weighted average exercise price of $6.87 per share were returned to and cancelled by the Company. No grants, cash payments or other consideration has been or will be made to replace the options or otherwise in connection with the return. As a result of the return and cancellation of the options, the Company incurred additional compensation expense of $768,379.

During October and December 2020, as a result of changes to the executive team and the Board of Directors, the Company accelerated the vesting of 1,131,955 shares of restricted stock. As a result of the acceleration of these vestings, the Company incurred additional compensation expense of $2,361,362.

Compensation expense charged against income for share-based awards during the years ended December 31, 2020, 2019 and 2018 was $5,364,162, $3,082,625 and $3,870,934, respectively. These amounts are included in general and administrative expense in the accompanying Statements of Operations.

In 2011, the Company's Board of Directors approved and adopted a long-term incentive plan, which was subsequently approved and amended by the shareholders. There were 341,155 shares eligible for grant, either as options or as restricted stock, as of December 31, 2020.

Employee Stock Options – No options have been granted in the years ended December 31, 2020, 2019 or 2018. All granted 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 grant date. A summary of the status of the stock options as of December 31, 2020, 2019 and 2018 and changes during the years ended December 31, 2020, 2019 and 2018 is as follows:

	2020		2019		2018	
	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price	Options	Weighted-Average Exercise Price
Outstanding at beginning of the year	2,748,500	$ 6.28	2,751,000	$ 6.28	3,193,000	$ 6.07
Issued	—	—	—	—	—	—
Forfeited or rescinded	(2,283,000)	6.89	(2,500)	11.70	(249,000)	6.09
Exercised	—	—	—	—	(193,000)	2.96
Outstanding at end of year	465,500	$ 3.26	2,748,500	$ 6.28	2,751,000	$ 6.28
Exercisable at end of year	455,300	$ 3.11	2,506,700	$ 5.78	2,323,900	$ 5.42

For the years ended December 31, 2020, 2019 and 2018, the Company incurred stock-based compensation expense related to stock options of $927,559, $625,855 and $1,853,913, respectively. As of December 31, 2020, there was $14,988 of unrecognized compensation cost related to stock options that will be recognized over a weighted average period of 0.6 years. The aggregate intrinsic value of options vested and expected to vest as of December 31, 2020 was $0. The aggregate intrinsic value of options exercisable at December 31, 2020 was $0. The year-end intrinsic values are based on a December 31, 2020 closing price of $0.66.

Options exercised of 193,000 in 2018 had an aggregate intrinsic value on the date of exercise of $1,470,230. No options were exercised in 2020 or 2019.

The following table summarizes information related to the Company's stock options outstanding as of December 31, 2020:

Exercise price	Options Outstanding: Number Outstanding	Options Outstanding: Weighted-Average Remaining Contractual Life (in years)	Number Exercisable
2.00	395,000	2.92	395,000
5.50	5,000	2.20	5,000
14.54	10,000	3.73	10,000
8.00	4,500	3.92	4,500
6.42	15,000	5.34	12,000
11.75	36,000	5.95	28,800
	465,500	3.25	455,300

Restricted stock grants – Following is a table reflecting the restricted stock grants during 2018, 2019 and 2020:

Grant date	# of shares of restricted stock
April 4, 2018	2,000
September 27, 2018	2,500
December 26, 2018	615,380
April 9, 2019	10,400
May 30, 2019	5,000
July 9, 2019	5,000
September 13, 2019	10,000
December 21, 2019	627,205
October 1, 2020	900,000
October 26, 2020	150,000
December 15, 2020	930,000

Restricted stock grants prior to 2020 vest at the rate of20% each year over five years beginning one year from the date granted. Restricted stock grants in 2020 vest at a rate of 33% each year over three years beginning one year from the date granted. A summary of the status of restricted stock grants as of December 31, 2020, 2019 and 2018 and changes during the years ended December 31, 2020, 2019 and 2018 is as follows:

	2020		2019		2018	
	Restricted stock	Weighted-Average Grant Date Fair Value	Restricted stock	Weighted-Average Grant Date Fair Value	Restricted stock	Weighted-Average Grant Date Fair Value
Outstanding at beginning of the year	1,341,889	$ 4.99	878,360	$ 7.33	330,900	$ 13.44
Granted	1,980,000	0.71	657,605	2.63	619,880	4.78
Forfeited or rescinded	(9,200)	3.97	(6,940)	4.23	(7,800)	13.44
Vested	(1,180,392)	4.97	(187,136)	7.79	(64,620)	13.44
Outstanding at end of year	2,132,297	$ 2.94	1,341,889	$ 4.99	878,360	$ 7.33

For the years ended December 31, 2020, 2019 and 2018, the Company incurred stock-based compensation expense related to restricted stock grants of $4,436,603, $2,456,770 and $2,017,021, respectively. As of December 31, 2020, there was $1,520,839 of unrecognized compensation cost related to restricted stock grants that will be recognized over a weighted average period of 1.5 years.

During 2020, 2019 and 2018, 1,180,392, 187,136 and 64,620 shares of restricted stock vested, respectively. At the dates of vesting those shares had an aggregate intrinsic value of $801,133, $494,605 and $304,360, respectively.

401(k) Plan- In 2019, the Company initiated a sponsored 401(k) plan that is a defined contribution plan for the benefit of all eligible employees. The plan allows eligible employees, after a three-month waiting period, to make pre-tax or after-tax contributions of up to 100% of their annual eligible compensation, not to exceed annual limits established by the federal government. The Company makes matching contributions of up to 6% of any employee's compensation. Employees are 100% vested in the employer contribution upon receipt.

The following table presents the matching contributions expense recognized for the Company's 401(k) plan for the years ended December 31, 2020 and 2019. There were no matching contributions prior to 2019.

	2020	2019
Employer safe harbor match	138,977	59,716

NOTE 14 – RELATED PARTY TRANSACTIONS

The Company is leasing office space from Arenaco, LLC, a company that is owned by two stockholders' of the Company, Mr. Rochford, former Chairman of the Board of the Company, and Mr. McCabe , a former Director of the Company. During the years ended December 31, 2020, 2019 and 2018, the Company paid $60,000, $60,000 and $60,000, respectively, to this company.

NOTE 15 – COMMITMENTS AND CONTINGENT LIABILITIES

Standby Letters of Credit – A commercial bank issued standby letters of credit on behalf of the Company totaling $260,000 to state and federal agencies and $500,438 to an insurance company to secure the surety bonds described below. The standby letters of credit are valid until cancelled or matured and are collateralized by the revolving credit facility with the bank. The terms of the letters of credit to the state and federal agencies are extended for a term of one year at a time. The Company intends to renew the standby letters of credit to the state and federal agencies for as long as the Company does business in the States of Texas and New Mexico. The letters of credit to the insurance company will be renewed if the insurance requires them to retain the surety bonds. No amounts have been drawn under the standby letters of credit.

Surety Bonds – An insurance company issued surety bonds on behalf of the Company totaling $500,438 to various State of New Mexico agencies in order for the Company to do business in the State of New Mexico. The surety bonds are valid until canceled or matured. The terms of the surety bonds are extended for a term of one year at a time. The Company intends to renew the surety bonds on $400,000 as long as the Company does business in the State of New Mexico. The remaining $100,438 will require renewal until the two subject wells are plugged.

NOTE 16 – INCOME TAXES

For the years ended December 31, 2020, 2019 and 2018, components of our provision for income taxes are as follows:

Provision for (Benefit from) Income Taxes	**2020**	**2019**	**2018**
Deferred taxes	$ (6,001,176)	$ 13,787,654	$ 3,445,721
Provision for (Benefit from) Income Taxes	$ (6,001,176)	$ 13,787,654	$ 3,445,721

The following is a reconciliation of income taxes computed using the U.S. federal statutory rate to the provision for income taxes:

Rate Reconciliation	**2020**	**2019**	**2018**
Tax at federal statutory rate	$ (54,476,731)	$ 9,089,683	$ 2,613,551
Non-deductible expenses	956	2,399	3,197
Excess tax benefit from stock option exercises and restricted stock vesting	(1,109,379)	4,055,418	828,973
Adjust prior estimates to tax return	(4,754)	19	—
States taxes, net of Federal benefit	(964,393)	160,913	—
Adjustment for change in future effective tax rate (1)	—	479,222	—
Valuation allowance (2)	50,553,125	—	—
Provision for Income Taxes	$ (6,001,176)	$ 13,787,654	$ 3,445,721

(1) The acquisition of the Northwest Shelf assets from Wishbone included properties in the State of New Mexico. The tax rates associated with the State of New Mexico adjusted our overall tax rate from 21% to 21.29%. This resulted in an additional tax expense during the year ended December 31, 2019 of $479,222.

(2) As a result of the ceiling test impairments recorded in 2020, a benefit from income tax provision was recorded resulting in a deferred tax asset. The Company recorded a full valuation allowance against the deferred tax asset of $50,553,125.

The net deferred taxes consisted of the following as of December 31, 2020 and 2019:

Deferred Taxes:	**2020**	**2019**
Deferred tax liabilities		
Property and equipment	$ 5,357,255	$ 56,325,029
Deferred tax assets		
Stock-based compensation	2,248,272	269,264
Operating loss and IDC carryforwards	3,108,983	50,054,589
Deferred tax assets	5,357,255	50,323,853
Net deferred income tax liability	$ —	$ 6,001,176

As of December 31, 2020, the Company had net operating loss carry forwards for federal income tax reporting purposes of approximately $107.4 million which, if unused, will begin to expire in 2027 and fully expire in 2038 and an additional $150.2 million that will not expire.

NOTE 17 – QUARTERLY FINANCIAL DATA (UNAUDITED)

	2018			
	Three Months Ended			
	March 31	**June 30**	**September 30**	**December 31**
Revenues	$ 29,891,391	$ 29,924,883	$ 32,687,179	$ 27,561,908
Operating Income (Loss)	10,935,120	9,397,559	9,615,030	(9,986,770)
Net Income (Loss)	5,665,634	4,719,806	5,693,628	(7,079,308)
Basic Net Income (Loss) Per Share	$ 0.10	$ 0.08	$ 0.09	$ (0.12)
Diluted Net Income (Loss) Per Share	0.10	0.08	0.09	$ (0.12)

	2019			
	Three Months Ended			
	March 31 (restated)	**June 30 (restated)**	**September 30 (restated)**	**December 31**
Revenues	$ 41,798,315	$ 51,334,225	$ 50,339,105	$ 52,231,186
Operating Income	10,235,485	17,636,415	14,342,410	17,922,018
Net Income	4,269,260	11,342,597	8,858,000	5,026,692
Basic Net Income Per Share	$ 0.07	$ 0.17	$ 0.13	$ 0.08
Diluted Net Income Per Share	0.07	0.17	0.13	$ 0.08

	2020			
	Three Months Ended			
	March 31	**June 30**	**September 30**	**December 31**
Revenues	$ 39,570,328	$ 10,636,593	$ 31,466,544	$ 31,351,673
Operating Income (Loss)	10,081,718	(156,845,697)	6,511,161	(128,408,648)
Net Income (Loss)	43,804,118	(135,000,066)	(1,961,603)	(160,254,277)
Basic Net Income (Loss) Per Share	$ 0.64	$ (1.99)	$ (0.03)	$ (1.83)
Diluted Net Income (Loss) Per Share	0.64	(1.99)	(0.03)	(1.83)

NOTE 18 – LEGAL MATTERS

In the ordinary course of business, we may be, from time to time, a claimant or a defendant in various legal proceedings. We do not presently have any material litigation pending or threatened requiring disclosure under this item.

NOTE 19 – SUBSEQUENT EVENTS

The Company entered into a Sublease Agreement dated January 15, 2021, covering approximately15,728 square feet at 1725 Hughes Landing Blvd, Suite 900, The Woodlands, TX 77380. The sublease term will run until July 31, 2026.

The Company entered into a Purchase, Sale and Exchange Agreement dated February 1, 2021, effective January 1, 2021, with Vin Fisher Operating, Inc. covering the sale and exchange of certain oil and gas interests in Andrews County, Texas. After the sale and transfer of wells and leases between the two parties, the Company also received cash consideration of $2,000,000. The deal greatly reduces the Company's plug and abandonment obligation costs and also allows the Company to acquire new leasehold for the future drilling of additional horizontal wells.

Subsequent to December 31, 2020, the remaining13,428,500 Pre-Funded warrants and 184,800 of the Common Warrants issued in the October 2020 offering were exercised. Gross proceeds were $161,269.

Exhibit 31.1

CERTIFICATIONS

I, Paul D. McKinney, certify that:

1. I have reviewed this annual report on Form 10-K/A for the year ended December 31, 2020, 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: March 17, 2021

/s/ Paul D. McKinney
Paul D. McKinney, CEO
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, William R. Broaddrick, certify that:

1. I have reviewed this annual report on Form 10-K/A for the year ended December 31, 2020, 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: March 17, 2021

/s/ William R. Broaddrick
William R. Broaddrick, CFO
(Principal Financial Officer)

Exhibit 32.1

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 annual report of Ring Energy, Inc. (the “Company”) on Form 10-K/A for the year ended December 31, 2020, as filed with the Securities and Exchange Commission (the “Report”), the undersigned principal executive 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: March 17, 2021

/s/ Paul D. McKinney
Paul D. McKinney
(Principal Executive Officer)

Exhibit 32.2

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 annual report of Ring Energy, Inc. (the “Company”) on Form 10-K/A for the year ended December 31, 2020, as filed with the Securities and Exchange Commission (the “Report”), the undersigned principal 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: March 17, 2021

/s/ William R. Broaddrick
William R. Broaddrick
(Principal Financial Officer)