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

FORM 10-Q

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

For the quarterly period ended: **September 30, 2017**

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

Commission File Number: **001-36057**

RING ENERGY, INC.

(Exact Name of registrant as specified in its charter)

Nevada	**90-0406406**
(State or other jurisdiction of incorporation or organization)	*(IRS Employer Identification No.)*
901 West Wall St. 3rd Floor **Midland, TX**	**79702**
(Address of principal executive offices)	*(Zip Code)*

(432) 682-7464
(Registrant's telephone number, including area code)

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

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

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

Large accelerated filer ☐	Accelerated filer ☒
Non-accelerated filer ☐	Smaller reporting company ☐
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 is a shell company (as defined in Rule 12-b-2 of the Exchange Act).
☐ Yes ☒ No

The registrant has one class of common stock of which 54,145,901 shares were outstanding at November 7, 2017.

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Ring Energy, Inc.
For the Quarter Ended September 30, 2017

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains forward-looking statements within the meaning of Section 27H of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The statements contained in this report that are not historical facts are forward-looking statements that represent management's beliefs and assumptions based on currently available information. Forward-looking statements include information concerning our possible or assumed future results of operations, business strategies, need for financing, competitive position, and potential growth opportunities. Our forward-looking statements do not consider the effects of future legislation or regulations. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words "believes," "intends," "may," "should," "anticipates," "expects," "could," "plans," "estimates," "projects," "targets," or comparable terminology or by discussions of strategy or trends. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we cannot give any assurances that these expectations will prove to be correct. Such statements by their nature involve risks and uncertainties that could significantly affect expected results, and actual future results could differ materially from those described in such forward-looking statements.

Among the factors that could cause actual future results to differ materially are the risks and uncertainties discussed in this report and in our annual report on Form 10-K for the year ended December 31, 2016. While it is not possible to identify all factors, we continue to face many risks and uncertainties including, but not limited to:

- declines or volatility in the prices we receive for our oil and natural gas;
- our ability to raise additional capital to fund future capital expenditures;
- our ability to generate sufficient cash flow from operations, borrowings or other sources to enable us to fully develop and produce our oil and natural gas properties;
- general economic conditions, whether internationally, nationally or in the regional and local market areas in which we do business;
- risks associated with drilling, including completion risks, cost overruns and the drilling of non-economic wells or dry holes;
- uncertainties associated with estimates of proved oil and natural gas reserves;
- the presence or recoverability of estimated oil and natural gas reserves and the actual future production rates and associated costs;
- risks and liabilities associated with acquired companies and properties;
- risks related to integration of acquired companies and properties;
- potential defects in title to our properties;
- cost and availability of drilling rigs, equipment, supplies, personnel and oilfield services;
- geological concentration of our reserves;
- environmental or other governmental regulations, including legislation of hydraulic fracture stimulation;
- our ability to secure firm transportation for oil and natural gas we produce and to sell the oil and natural gas at market prices;
- exploration and development risks;

- management’s ability to execute our plans to meet our goals;
- our ability to retain key members of our management team;
- weather conditions;
- actions or inactions of third-party operators of our properties;
- costs and liabilities associated with environmental, health and safety laws;
- our ability to find and retain highly skilled personnel;
- operating hazards attendant to the oil and natural gas business;
- competition in the oil and natural gas industry; and
- the other factors discussed under “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended December 31, 2016.

Should our underlying assumptions prove incorrect or the consequences of the aforementioned risks worsen, actual results could differ materially from those expected.

Forward-looking statements speak only as to the date hereof. All such forward-looking statements and any subsequent written or oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the statements contained herein or referred to in this section and any other cautionary statements that may accompany such forward-looking statements. Except as otherwise required by applicable law, we disclaim any intention or obligation to update publicly or revise such statements whether as a result of new information, future events or otherwise.

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

PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

The unaudited condensed financial statements included herein have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”). The Company believes that the disclosures are adequate to make the information presented not misleading. These unaudited interim financial statements should be read in conjunction with the Company’s audited financial statements and related footnotes included in its most recent Annual Report on Form 10-K.

RING ENERGY, INC.
CONDENSED BALANCE SHEETS
(UNAUDITED)

		September 30, 2017		December 31, 2016
ASSETS				
Current Assets				
Cash	$	40,876,153	$	71,086,381
Accounts receivable		7,634,987		3,453,238
Joint interest billing receivable		877,246		454,461
Prepaid expenses and retainers		327,112		226,835
Total Current Assets		49,715,498		75,220,915
Properties and Equipment				
Oil and natural gas properties subject to amortization		373,837,454		250,133,965
Inventory for property development		1,033,806		1,582,427
Fixed assets subject to depreciation		1,858,528		1,549,311
Total Properties and Equipment		376,729,788		253,265,703
Accumulated depreciation, depletion and amortization		(54,780,641)		(41,347,152)
Net Properties and Equipment		321,949,147		211,918,551
Deferred Income Taxes		18,180,259		20,051,908
Derivative Assets		65,828		-
Deferred Financing Costs		203,013		406,025
Total Assets	$	390,113,745	$	307,597,399
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current Liabilities				
Accounts payable	$	21,225,911	$	9,099,391
Asset retirement obligations		414,000		-
Total Current Liabilities		21,639,911		9,099,391
Asset retirement obligations		8,205,194		7,957,035
Total Liabilities		29,845,105		17,056,426
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; 54,145,901 shares and 49,113,063 shares outstanding, respectively		54,146		49,113
Additional paid-in capital		397,060,212		335,197,845
Retained loss		(36,845,718)		(44,705,985)
Total Stockholders' Equity		360,268,640		290,540,973
Total Liabilities and Stockholders' Equity	$	390,113,745	$	307,597,399

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

RING ENERGY, INC.
CONDENSED STATEMENTS OF OPERATIONS
(UNAUDITED)

	For The Three Months Ended September 30, 2017	For The Three Months Ended September 30, 2016	For The Nine Months Ended September 30, 2017	For The Nine Months Ended September 30, 2016
Oil and Gas Revenues	$ 16,643,930	$ 7,822,543	$ 43,391,032	$ 21,019,540
Costs and Operating Expenses				
Oil and gas production costs	4,261,923	2,329,228	10,481,669	7,019,771
Oil and gas production taxes	787,777	389,029	2,062,215	1,032,335
Depreciation, depletion and amortization	4,823,044	2,568,153	13,433,489	8,541,981
Ceiling test impairment	-	9,648,942	-	56,513,016
Accretion expense	109,974	125,813	420,723	360,167
General and administrative expense	2,369,131	1,882,579	7,576,391	6,023,038
Total Costs and Operating Expenses	12,351,849	16,943,744	33,974,487	79,490,308
Income (Loss) from Operations	4,292,081	(9,121,201)	9,416,545	(58,470,768)
Other Income (Expense)				
Interest expense	-	(95,864)	-	(597,910)
Interest income	85,553	6,417	249,543	83,470
Gain on change in fair value of derivatives	65,828	-	65,828	-
Net Other Income (Expense)	151,381	(89,447)	315,371	(514,440)
Income (Loss) before tax provision	4,443,462	(9,210,648)	9,731,916	(58,985,208)
(Provision For) Benefit From Income Taxes	(1,369,702)	3,266,511	(3,468,112)	21,824,527
Net Income (Loss)	$ 3,073,760	$ (5,944,137)	$ 6,263,804	$ (37,160,681)
Basic Earnings (Loss) per Share	$ 0.06	$ (0.14)	$ 0.12	$ (1.00)
Diluted Earnings (Loss) per Share	$ 0.06	$ (0.14)	$ 0.12	$ (1.00)

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

RING ENERGY, INC.
CONDENSED STATEMENTS OF CASH FLOWS
(UNAUDITED)

For the Nine Months Ended September 30,	2017	2016
Cash Flows From Operating Activities		
Net income (loss)	$ 6,263,804	$ (37,160,681)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation, depletion and amortization	13,433,489	8,541,981
Ceiling test impairment	-	56,513,016
Accretion expense	420,723	360,167
Share-based compensation	2,763,007	1,647,554
Deferred income tax provision (benefit)	3,383,131	(21,824,526)
Excess tax deficiency (benefit) related to share-based compensation	84,981	-
Change in fair value of derivative instruments	(65,828)	-
Changes in assets and liabilities:		
Accounts receivable	(4,604,534)	560,467
Prepaid expenses and retainers	102,735	162,726
Accounts payable	7,126,520	(3,897,613)
Settlement of asset retirement obligation	(605,432)	(7,817)
Net Cash Provided by Operating Activities	28,302,596	4,895,274
Cash Flows From Investing Activities		
Payments to purchase oil and natural gas properties	(26,915,783)	(6,154,997)
Payments to develop oil and natural gas properties	(87,576,052)	(16,190,471)
Purchase of inventory for development of oil and gas properties	(2,816,165)	-
Purchase of equipment, vehicles and leasehold improvements	(309,217)	(9,320)
Net Cash Used in Investing Activities	(117,617,217)	(22,354,788)
Cash Flows From Financing Activities		
Proceeds from issuance of common stock	59,104,393	61,064,671
Proceeds from issuance of notes payable	-	5,000,000
Principal payments on revolving line of credit	-	(50,900,000)
Proceeds from option exercise	-	112,500
Net Cash Provided by Financing Activities	59,104,393	15,277,171
Net Decrease in Cash	(30,210,228)	(2,182,343)
Cash at Beginning of Period	71,086,381	4,431,350
Cash at End of Period	$ 40,876,153	$ 2,249,007
Supplemental Cash Flow Information		
Cash paid for interest	$ -	$ 564,640
Noncash Investing and Financing Activities		
Asset retirement obligation incurred during development	$ 846,868	$ 248,487
Use of inventory in property development	3,364,786	-
Capitalized expenditures attributable to drilling projects financed through current liabilities	5,000,000	-

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

RING ENERGY, INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 – BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Condensed Financial Statements – The accompanying condensed financial statements prepared by Ring Energy, Inc. (the "Company" or "Ring") have not been audited by an independent registered public accounting firm. In the opinion of the Company's management, the accompanying unaudited financial statements contain all adjustments necessary for fair presentation of the results of operations for the periods presented, which adjustments were of a normal recurring nature, except as disclosed herein. The results of operations for the three and nine months ended September 30, 2017, are not necessarily indicative of the results to be expected for the full year ending December 31, 2017.

Certain notes and other disclosures have been omitted from these interim financial statements. Therefore, these financial statements should be read in conjunction with the Company's 2016 Annual Report on Form 10-K.

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

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

Fair 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.

Derivative Instruments and Hedging Activities – The Company can 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 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. During the three and nine months ended September 30, 2017, the change in fair value resulted in the recognition of a gain of $65,828 on derivative contracts.

Concentration of Credit Risk and Major Customer – The Company had cash in excess of federally insured limits at September 30, 2017. During the nine months ended September 30, 2017, sales to two customers represented 73% and 23%, respectively, of the Company's oil and gas revenues. At September 30, 2017, these two customers made up 85% and 11%, respectively, of the Company's accounts receivable.

Approximately 90% of the Company's accounts and joint interest receivables is from purchasers of oil and gas. Oil and 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. Accordingly, no allowance for doubtful accounts has been provided at September 30, 2017. 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.

Oil and Gas Properties – The Company uses the full cost method of accounting for oil and gas properties. Under this method, all costs associated with the acquisition, leasing, exploration, and development of oil and gas reserves are capitalized. Costs capitalized include acquisition costs, estimated future costs of abandonment and site restoration, 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 generally categorized either as being subject to amortization or not subject to amortization. All of our costs are subject to amortization.

All capitalized costs of oil and gas properties, plus estimated future costs to develop proved reserves, are amortized on the unit-of-production method using estimates of proved reserves as determined by independent engineers. The Company evaluates oil and gas properties for impairment at least annually. Amortization expense for the three and nine months ended September 30, 2017, was $4,823,044 and $13,433,489, respectively, based on depletion at the rate of $12.46 per barrel of oil equivalent compared to $2,568,153 and $8,541,981, respectively, for the three and nine months ended September 30, 2016, based on depletion at the rate of $11.72 per barrel of oil equivalent. These amounts include $83,445 and $232,923, respectively, of depreciation for the three and nine months ended September 30, 2017, compared to depreciation of $71,666 and $229,422 for the three and nine months ended September 30, 2016, respectively.

Write-down of Oil and Gas Properties – Companies that use the full cost method of accounting for oil and natural gas exploration and development activities are required to perform a ceiling test calculation each quarter. The full cost ceiling test is an impairment test prescribed by SEC Regulation S-X Rule 4-10. The ceiling test is performed quarterly utilizing the average of prices in effect on the first day of the month for the preceding twelve month period in accordance with SEC Release No. 33-8995. The ceiling limits such pooled costs to the aggregate of the present value of future net revenues attributable to proved crude oil and natural gas reserves discounted at 10%, plus the lower of cost or market value of unproved properties, less any associated tax effects. If such capitalized costs exceed the ceiling, the Company will record a write-down to the extent of such excess as a non-cash charge to earnings. Any such write-down will reduce earnings in the period of occurrence and results in a lower depletion, depreciation and amortization ("DD&A") rate in future periods. A write-down may not be reversed in future periods even though higher oil and natural gas prices may subsequently increase the ceiling.

The Company did not have any write-downs related to the full cost ceiling limitation during the three or nine months ended September 30, 2017. During the three and nine months ended September 30, 2016, the Company recorded $9,648,942 and $56,513,016, respectively, non-cash write-down of the carrying value of the Company's proved oil and gas properties as a result of ceiling test limitations, which is reflected as Ceiling test impairment in the accompanying Statements of Operations.

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

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

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

Share-Based Employee Compensation – The Company has outstanding stock option grants to directors, officers and employees, which are described more fully in Note 8. The Company recognizes the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award and recognizes the related compensation expense over the period during which an employee is required to provide service in exchange for the award, which is generally the vesting period.

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

Reclassifications – Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on net income (loss) or stockholders' equity.

Recently Adopted Accounting Pronouncements – In March 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-09, *Compensation – Stock Compensation (Topic 718.)* The guidance seeks to simplify the accounting for share-based compensation. The new standard requires all excess tax benefits and reductions from differences between the deduction for tax purposes and the compensation cost recorded for financial reporting purposes be recognized as income tax expense or benefit in the Statement of Operations and not recognized as additional paid-in capital. The new standard also requires all excess tax benefits and deficiencies to be classified as operating activity included with income tax cash flows. Ring adopted this ASU as of January 1, 2017. The Company used the modified retrospective method to account for unrecognized excess tax benefits from prior periods, resulting in an adjustment to our beginning balances of Deferred Income Taxes and Retained Loss of $1,596,463. The Company will use the prospective method to account for current period and future excess tax benefit. For the three and nine months ended September 30, 2017, this resulted in a decrease of $225,916 and an increase of $84,981, respectively, to our income tax provision. The Company has also elected to continue to estimate the amount of expected forfeitures when calculating share-based compensation, instead of accounting for forfeitures as they occur.

Recent Accounting Pronouncements – In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-15, Statement of Cash Flows (Topic 230). ASU 2016-15 seeks to reduce the existing diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. This update is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years, with early adoption permitted. The adoption of this guidance will not have a material impact on the Company's statement of cash flows.

In February 2016, FASB issued ASU No. 2016-02, Leases (Topic 841). For lessees, the amendments in this update require that for all leases not considered to be short term, a company recognize both a lease liability and right-of-use asset on its balance sheet, representing the obligation to make payments and the right to use or control the use of a specified asset for the lease term. The amendments in this update are effective for annual periods beginning after December 15, 2018. Upon adoption the Company will begin reflecting long-term future lease payments as both an asset and a liability on its balance sheet. The adoption of this guidance will not have a material impact on the Company's financial statements.

In May 2014, the FASB and the International Accounting Standards Board (IASB) issued a joint revenue recognition standard, ASU 2014-09. The new standard removes inconsistencies in existing standards, changes the way companies recognize revenue from contracts with customers, and increases disclosure requirements. The codification was amended through additional ASUs and, as amended, requires companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the company expects to be entitled in exchange for those goods or services. The guidance is effective for annual and interim periods beginning after December 15, 2017. The standard is required to be adopted using either the full retrospective approach, with all prior periods presented adjusted, or the modified retrospective approach, with a cumulative adjustment to retained earnings on the opening balance sheet. The Company will adopt the new standard utilizing the modified retrospective approach. Upon preliminary evaluation, the Company does not expect the adoption of this ASU to have a material impact on its financial statements.

In January 2017, the FASB issued ASU 2017-01, *Business Combinations (Topic 805): Clarifying the Definition of a Business.* The guidance assists in determining whether a transaction should be accounted for as an acquisition or disposal of assets or of a business. This ASU provides a screen that when substantially all of the fair value of the gross assets acquired, or disposed of, are concentrated in a single identifiable asset, or a group of similar identifiable assets, the set will not be considered a business. If the screen is not met, a set must include an input and a substantive process that together significantly contribute to the ability to create an output to be considered a business. This ASU is effective for annual and interim periods beginning in 2018 and is required to be adopted using a prospective approach, with early adoption permitted for transactions not previously reported in issued financial statements. The Company does not plan on early adoption of the standard. The adoption of this guidance will not have a material impact on the Company's financial statements.

Basic and Diluted 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 period. Diluted earnings (loss) per share reflects the potential dilution that could occur if all contracts to issue common stock were converted into common stock, except for those that are anti-dilutive. The dilutive effect of stock options and other share-based compensation is calculated using the treasury method.

NOTE 2 – EARNINGS (LOSS) PER SHARE INFORMATION

	For The Three Months Ended September 30,		For The Nine Months Ended September 30,	
	2017	**2016**	**2017**	**2016**
Net Income (Loss)	$ 3,073,760	$ (5,944,137)	$ 6,263,804	$ (37,160,681)
Basic Weighted-Average Shares Outstanding	53,009,696	41,917,061	50,441,375	36,996,932
Effect of dilutive securities:				
Stock options	1,357,952	-	1,318,734	-
Diluted Weighted-Average Shares Outstanding	54,367,648	41,917,061	51,760,109	36,996,932
Basic Earnings (Loss) per Share	$ 0.06	$ (0.14)	$ 0.12	$ (1.00)
Diluted Earnings (Loss) per Share	$ 0.06	$ (0.14)	$ 0.12	$ (1.00)

Stock options to purchase 576,000 shares of common stock were excluded from the computation of diluted earnings per share during the three and nine months ended September 30, 2017, as their effect would have been anti-dilutive. Stock options to purchase 2,780,600 shares of common stock were excluded from the computation of diluted earnings per share during the three and nine months ended September 30, 2016, as their effect would have been anti-dilutive.

NOTE 3 – DERIVATIVE FINANCIAL INSTRUMENTS

The Company is exposed to fluctuations in crude oil and natural gas prices on its production. We canutilize 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.

On September 25, 2017, the Company entered into new derivative contracts in the form of costless collars of WTI Crude Oil prices in order to protect the Company's cash flow from price fluctuation and maintain its capital programs. "Costless collars" are 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. The trades are for 1,000 barrels of oil per day. For the period of October 1, 2017 through December 31, 2017, the put price is $49.00 and the call price is $55.35. For the period of January 1, 2018 through December 31, 2018, the put price is $49.00 and the call price is $54.60.

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. At September 30, 2017, 100% of our volumes subject to derivative instruments are with lenders under our credit facility.

NOTE 4 – 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.

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 Actives Markets for Identical Assets or (Liabilities) (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
As of September 30, 2017				
Oil and gas derivative contracts	$ -	$ 65,828	$ -	$ 65,828
Total	$ -	$ 65,828	$ -	$ 65,828

NOTE 5 – 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 ("Administrative Agent"), which was amended on May 18, 2016, June 26, 2015 and July 24, 2014 (as amended, the "Credit Facility"). The Credit Facility provides for a senior secured revolving credit facility with a maximum borrowing amount of $500 million. The Credit Facility matures on June 26, 2020, and is secured by substantially all of the Company's assets.

In May 2016, the borrowing base (the "Borrowing Base") was reduced from the initial $100 million to $60 million. 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, beginning November 1, 2015. 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 (each as 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 1.75% and 2.75% (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 plus 0.5% per annum or the (iii) adjusted LIBOR determined on a daily basis for an interest period of one-month, plus 1.00% per annum, plus (b) a margin between 2.75% and 3.75% (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 of not more than 4.0 to 1.0 and (ii) a minimum current ratio of 1.0 to 1.0. The Credit Facility also contains other customary affirmative and negative covenants and events of default. As of September 30, 2017, no amounts were outstanding on the Credit Facility. We are in compliance with all covenants contained in the Credit Facility.

NOTE 6 – ASSET RETIREMENT OBLIGATION

The Company provides for the obligation to plug and abandon oil and gas wells at the dates properties are either acquired or the wells are drilled. The asset retirement obligation is adjusted each quarter for any liabilities incurred or settled during the period, accretion expense and any revisions made to the estimated cash flows. The asset retirement obligation incurred at the time of drilling was computed using the annual credit-adjusted risk-free discount rate at the applicable dates. Changes in the asset retirement obligation were as follows:

Balance, December 31, 2016	$ 7,957,035
Liabilities incurred	846,868
Liabilities settled	(605,432)
Accretion expense	420,723
Balance, September 30, 2017	$ 8,619,194

It is anticipated that 23 wells will be plugged within the next 12 months at an average cost of $18,000 per well for an aggregate of $414,000.

NOTE 7 – STOCKHOLDERS' EQUITY

Common Stock Issued in Option Exercise

During the nine months ended September 30, 2016, the Company issued 25,000 shares of common stock as the result of option exercises. The options exercised had an exercise price of $4.50 per share. The Company received an aggregate amount of $112,500 as a result of the option exercises.

Also during the nine months ended September 30, 2016, the Company issued 395 shares of common stock as the result of the cashless exercise of the 500 options with an exercise price of $2.00 per share. The Company withheld 105 shares, valued at $1,000 or an average of $9.52 per share.

During the nine months ended September 30, 2017, the Company issued 55,180 shares of common stock as the result of option exercises. The following table presents the details of those exercises:

	Options exercised	Exercise price ($)	Shares issued	Shares retained	Stock price on date of exercise ($)	Aggregate value of shares retained ($)
	4,100	2.00	3,491	609	13.47	8,200.00
	60,000	2.00	50,156	9,844	12.19	120,000.00
	200	8.00	116	84	13.75	1,600.00
	1,500	10.89	1,188	312	13.75	16,335.00
	600	5.25	229	371	13.75	3,150.00
Totals	66,400		55,180	11,220		149,285.00
Average		2.25			13.31	

NOTE 8 – EMPLOYEE STOCK OPTIONS

Compensation expense charged against income for share-based awards during the three and nine months ended September 30, 2017, was $959,715 and $2,763,007, respectively, as compared to $555,587 and $1,647,554, respectively, for the three and nine months ended September 30, 2016. These amounts are included in general and administrative expense in the accompanying financial statements.

In 2011, the Board of Directors and stockholders approved and adopted a long-term incentive plan which allowed for the issuance of up to 2,500,000 shares of common stock through the grant of qualified stock options, non-qualified stock options and restricted stock. In 2013, the Company's stockholders approved an amendment to the long-term incentive plan, increasing the number of shares eligible under the plan to 5,000,000 shares. As of September 30, 2017, there were 1,378,600 shares remaining eligible for issuance under the plan.

On January 13, 2016, upon the recommendation of the Compensation Committee, Ring rescinded the option awards granted to its employees and directors on December 9, 2015 (other than Messrs. McCabe and Rochford, who are the members of the Compensation Committee) as the result of a significant decline in the stock price and re-issued the option awards as of that date to meet the goals and objectives of the Company's equity based compensation program.

The fair value of each option award is estimated on the date of grant using the Black-Scholes option pricing model and using certain assumptions. The expected volatility is based on the historical price volatility of the Company's common stock. The Company uses the simplified method for estimating the expected term for options granted. Under the simplified method, the expected term is equal to the midpoint between the vesting period and the contractual term of the stock option. The risk-free interest rate represents the U.S. Treasury bill rate for the expected life of the related stock options. The dividend yield represents the Company's anticipated cash dividend over the expected life of the stock options. The following are the assumptions used to determine the fair value of options granted during the nine months ended September 30, 2016:

	2016
Weighted-average volatility	100 - 99%
Expected dividends	0
Expected term (in years)	6.5
Risk-free interest rate	1.51 - 1.25%

There were no options granted during the nine months ended September 30, 2017.

A summary of the stock option activity as of September 30, 2017, and changes during the nine months then ended is as follows:

	Shares	Weighted-Average Exercise Price		Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value	
Outstanding, December 31, 2016	3,362,350	$	5.90			
Exercised	(66,400)	$	2.25			
Forfeited	(11,450)	$	10.12			
Outstanding, September 30, 2017	3,284,500	$	5.96	6.2 Years	$	28,023,555
Exercisable, September 30, 2017	1,990,800	$	4.20	5.1 Years		

The intrinsic value was calculated using the closing price on September 29, 2017 of $14.49. As of September 30, 2017, there was $4,524,939 of unrecognized compensation cost related to stock options that is expected be recognized over a weighted-average period of 2.6 years. The total intrinsic value of options exercised during the nine months ended September 30, 2017, was $668,967.

NOTE 9 – CONTINGENCIES AND COMMITMENTS

Standby Letters of Credit – A commercial bank issued standby letters of credit on behalf of the Company to the states of Texas and Kansas totaling $280,000 to allow the Company to do business in those states. 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 these letters of credit are extended for a term of one year at a time. The Company intends to renew the standby letters of credit for as long as the Company does business in the states of Texas and Kansas. No amounts have been drawn under the standby letters of credit.

NOTE 10 – SUBSEQUENT EVENTS

Subsequent to September 30, 2017, the Company entered into additional derivative contracts in the form of costless collars of WTI Crude Oil prices in order to protect the Company's cash flow from price fluctuation and maintain its capital programs. The contracts are for an additional 1,000 barrels of oil per day for the period of January 1, 2018 through December 31, 2018. On these new contracts, the put price is $51.00 and the call price is $54.80.

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

Management's Discussion and Analysis of Financial Condition and Results of Operations analyzes the major elements of our balance sheets and statements of operations. This section should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2016, and our interim unaudited financial statements and accompanying notes to these financial statements.

Results of Operations – For the Three Months Ended September 30, 2017 and 2016

Oil and natural gas sales. For the three months ended September 30, 2017, oil and natural gas sales revenue increased $8,821,387 to $16,643,930, compared to $7,822,543 for the same period during 2016, as a result of increased oil sales volumes and an increase in the average realized price per barrel of oil.

Oil sales increased $8,883,452 and natural gas sales decreased $62,065. For the three months ended September 30, 2017, oil sales volume increased 172,193 barrels to 346,900 barrels, compared to 174,707 barrels for the same period in 2016. The average realized per barrel oil price increased 13% from $40.82 for the three months ended September 30, 2016, to $46.17 for the three months ended September 30, 2017. For the three months ended September 30, 2017, gas sales volume decreased 28,299 thousand cubic feet (MCF) to 201,158 MCF, compared to 229,456 MCF for the same period in 2016. The average realized natural gas price per MCF increased 4% from $3.01 for the three months ended September 30, 2016, to $3.13 for the three months ended September 30, 2017.

Oil and gas production costs. Our lease operating expenses (LOE) increased from $2,329,228 or $10.94 per barrel of oil equivalent (BOE) for the three months ended September 30, 2016, to $4,261,923 or $11.20 per BOE for the three months ended September 30, 2017. On a per BOE basis, lease operating expenses increased primarily as a result of adjustments to estimated annual accruals.

Production taxes. Production taxes as a percentage of oil and natural gas sales were 5% during the three months ended September 30, 2016, and remained steady at 5% for the three months ended September 30, 2017. These rates are expected to stay relatively steady unless we make acquisitions in other states with differing production tax rates or the state of Texas changes its production tax rates.

Depreciation, depletion and amortization. Our depreciation, depletion and amortization expense increased by $2,254,891 to $4,823,044 for the three months ended September 30, 2017, compared to $2,568,153 during the same period in 2016. The increase was primarily a result of higher production volumes.

Ceiling Test Write-Down. The Company did not have any write-downs related to the full cost ceiling limitation during the three months ended September 30, 2017. The Company recorded a $9,648,942 non-cash write-down of the carrying value of its proved oil and natural gas properties for the three months ended September 30, 2016, as a result of ceiling test limitations, which is reflected as ceiling test impairments in the accompanying Statements of Operations. The ceiling test was calculated based upon the average of quoted market prices in effect on the first day of the month for the preceding twelve month period at September 30, 2016, adjusted for market differentials, per SEC guidelines. The write-down reduced earnings in the period and will result in a lower depreciation, depletion and amortization rate in future periods.

Gains from Derivative Instruments and Hedging Activities. 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. During the three months ended September 30, 2017, the change in fair value resulted in the recognition of a gain of $65,828 on derivative contracts. The Company did not have gains or losses on derivative contracts for the three months ended September 30, 2016.

General and administrative expenses. General and administrative expenses increased $486,552 to $2,369,131 for the three months ended September 30, 2017, as compared to $1,882,579 for the three months ended September 30, 2016. Compensation related expenses, both cash based and stock based, comprise the majority of our general and administrative expense. The increase in total general and administrative expenses primarily resulted from an increase in the stock based compensation between periods.

Net income (loss). For the three months ended September 30, 2017, the Company showed a net gain of $3,073,760 as compared to a net loss of $5,944,137 for the three months ended September 30, 2016. This change primarily resulted from not having a ceiling test write down in 2017 and increased revenues from increased sales volumes as a result of our development activity and an increase in the average realized price per barrel of oil.

Results of Operations – For the Nine Months Ended September 30, 2017 and 2016

Oil and natural gas sales. For the nine months ended September 30, 2017, oil and natural gas sales revenue increased $22,371,492 to $43,391,032, compared to $21,019,540 for the same period during 2016, as a result of increased oil sales volumes and an increase in the average realized price per barrel of oil.

Oil sales increased $22,251,021 and natural gas sales increased $120,471. For the nine months ended September 30, 2017, oil sales volume increased 366,552 barrels to 893,562 barrels, compared to 527,010 barrels for the same period in 2016. The average realized per barrel oil price increased 27% from $36.72 for the nine months ended September 30, 2016 to $46.56 for the nine months ended September 30, 2017. For the nine months ended September 30, 2017, gas sales volume decreased 128,646 thousand cubic feet (MCF) to 559,551 MCF, compared to 688,196 MCF for the same period in 2016. The average realized natural gas price per MCF increased 32% from $2.42 for the nine months ended September 30, 2016 to $3.19 for the nine months ended September 30, 2017.

Oil and gas production costs. Our lease operating expenses (LOE) increased from $7,019,771 or $10.94 per barrel of oil equivalent (BOE) for the nine months ended September 30, 2016 to $10,481,669 or $10.62 per BOE for the nine months ended September 30, 2017. On a per BOE basis, lease operating expenses decreased primarily as a result of increased production between periods.

Production taxes. Production taxes as a percentage of oil and natural gas sales were 5% during the nine months ended September 30, 2016 and remained steady at 5% for the nine months ended September 30, 2017. These rates are expected to stay relatively steady unless we make acquisitions in other states with differing production tax rates or the state of Texas changes its production tax rates.

Depreciation, depletion and amortization. Our depreciation, depletion and amortization expense increased by $4,891,508 to $13,433,489 for the nine months ended September 30, 2017, compared to $8,541,981 during the same period in 2016. The increase was primarily a result of higher production volumes.

Ceiling Test Write-Down. The Company did not have any write-downs related to the full cost ceiling limitation during the nine months ended September 30, 2017. The Company recorded a $56,513,016 non-cash write-down of the carrying value of its proved oil and natural gas properties for the nine months ended September 30, 2016 as a result of ceiling test limitations, which is reflected as ceiling test impairments in the accompanying Statements of Operations. The ceiling test was calculated based upon the average of quoted market prices in effect on the first day of the month for the preceding twelve month period at September 30, 2016, adjusted for market differentials, per SEC guidelines. The write-down reduced earnings in the period and will result in a lower depreciation, depletion and amortization rate in future periods.

Gains from Derivative Instruments and Hedging Activities. 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. During the nine months ended September 30, 2017, the change in fair value resulted in the recognition of a gain of $65,828 on derivative contracts. The Company did not have gains or losses on derivative contracts for the nine months ended September 30, 2016.

General and administrative expenses. General and administrative expenses increased by $1,553,353 to $7,576,391 for the nine months ended September 30, 2017, compared to $6,023,038 during the same period in 2016. Compensation related expenses, both cash based and stock based, make up the majority of our general and administrative expense. The increase in total general and administrative expenses primarily resulted from an increase in the stock based compensation between periods.

Net income (loss). For the nine months ended September 30, 2017, the Company showed a net gain of $6,263,804 as compared to a net loss of $37,160,681 for the nine months ended September 30, 2016. This change primarily resulted from not having a ceiling test write down in 2017 and increased revenues from increased sales volumes as a result of our development activity and an increase in the average realized price per barrel of oil.

Capital Resources and Liquidity

As shown in the financial statements for the nine months ended September 30, 2017, the Company had cash on hand of $40,876,153, compared to $71,086,381 as of December 31, 2016. The cash on hand decreased in 2017 due to increased capital expenditures on the development of the Company's oil and gas properties. The Company had net cash provided by operating activities for the nine months ended September 30, 2017, of $28,302,596, compared to $4,895,274 for the same period of 2016. The other most significant cash inflows during the nine months ended September 30, 2017 and 2016 were proceeds from issuance of common stock of $59,104,393 and $61,074,997, respectively, and proceeds from issuance of notes payable of $5,000,000 during 2016. The most significant cash outflows during the nine months ended September 30, 2017 and 2016 were capital expenditures in connection with the purchase and development of oil and gas properties of $117,617,217 and $22,354,788, respectively, and payment on the revolving line of credit of $50,900,000 in 2016. The increased capital expenditures were primarily the result of the Company's increase in the development of its oil and gas properties in 2017.

Availability of Capital Resources under Credit Facility

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 ("Administrative Agent"), which was amended on May 18, 2016, June 26, 2015 and July 24, 2014 (as amended, the "Credit Facility"). The Credit Facility provides for a senior secured revolving credit facility with a maximum borrowing amount of $500 million. The Credit Facility matures on June 26, 2020, and is secured by substantially all of the Company's assets.

In May 2016, the borrowing base (the "Borrowing Base") was reduced from the initial $100 million to $60 million. 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, beginning November 1, 2015. 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 (each as 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 1.75% and 2.75% (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 plus 0.5% per annum or the (iii) adjusted LIBOR determined on a daily basis for an interest period of one-month, plus 1.00% per annum, plus (b) a margin between 2.75% and 3.75% (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 of not more than 4.0 to 1.0 and (ii) a minimum current ratio of 1.0 to 1.0. The Credit Facility also contains other customary affirmative and negative covenants and events of default. As of September 30, 2017, no amounts were outstanding on the Credit Facility. We are in compliance with all covenants contained in the Credit Facility.

Derivative Financial Instruments and Hedging Activity

On September 25, 2017, the Company entered into new derivative contracts in the form of costless collars of WTI Crude Oil prices in order to protect the Company's cash flow from price fluctuation and maintain its capital programs. "Costless collars" are 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. The trades are for 1,000 barrels of oil per day. For the period of October 1, 2017 through December 31, 2017, the put price is $49.00 and the call price is $55.35. For the period of January 1, 2018 through December 31, 2018, the put price is $49.00 and the call price is $54.60.

Capital Resources for Future Acquisition and Development Opportunities

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

The pursuit of and acquisition of additional oil and gas properties may require substantially greater capital than we currently have available, and obtaining additional capital would require that we enter into the sale of either short-term or long-term notes payable or the sale of our common stock. Furthermore, it may be necessary for us to retain outside consultants and others in our endeavors to locate desirable oil and gas properties.

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

Effects of Inflation and Pricing

The oil and natural gas industry is very cyclical and the demand for goods and services of oil field companies, suppliers and others associated with the industry puts pressure on the economic stability and pricing structure within the industry. Typically, as prices for oil and natural gas increase, so do all associated costs. Material changes in prices impact the current revenue stream, estimates of future reserves, borrowing base calculations of bank loans and the value of properties in purchase and sale transactions. Material changes in prices can impact the value of oil and natural gas companies and their ability to raise capital, borrow money and retain personnel. We anticipate business costs will vary in accordance with commodity prices for oil and natural gas, and the associated increase or decrease in demand for services related to production and exploration.

Off Balance Sheet Arrangements

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

Disclosures About Market Risks

Like other natural resource producers, the Company faces certain unique market risks associated with the exploration and production of oil and natural gas. The most salient risk factors are the volatile prices of oil and gas, operational risks, ability to integrate properties and businesses, and certain environmental concerns and obligations.

Oil and Gas Prices

The price we receive for our oil and natural gas will heavily influence our revenue, profitability, access to capital and future rate of growth. Oil and natural gas are commodities and, therefore, their prices are subject to wide fluctuations in response to relatively minor changes in supply and demand. The prices we receive for our production depend on numerous factors beyond our control. These factors include, without limitation, the following: worldwide and regional economic conditions impacting the global supply and demand for oil and natural gas; the price and quantity of imports of foreign oil and natural gas; the level of global oil and natural gas inventories; localized supply and demand fundamentals; the availability of refining capacity; price and availability of transportation and pipeline systems with adequate capacity; weather conditions and natural disasters; governmental regulations; speculation as to the future price of oil and the speculative trading of oil and natural gas futures contracts; price and availability of competitors' supplies of oil and natural gas; energy conservation and environmental measures; technological advances affecting energy consumption; the price and availability of alternative fuels and energy sources; and domestic and international drilling activity.

Oil prices and natural gas prices have declined significantly. Lower oil and natural gas prices may not only decrease our revenues, but may also reduce the amount of oil and natural gas that we can produce economically and, therefore, potentially lower our oil and gas reserves. A substantial or extended decline in oil or natural gas prices may result in impairments of our proved oil and gas properties and may materially and adversely affect our future business, financial condition, cash flows, and results of operations.

Transportation of Oil and Natural Gas

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

Competition in the Oil and Natural Gas Industry

We operate in a highly competitive environment for developing and acquiring properties, marketing oil and natural gas and securing equipment and trained personnel. As a relatively small oil and natural gas company, many large producers possess and employ financial, technical and personnel resources substantially greater than ours. Those companies may be able to develop and acquire more prospects and productive properties than our financial or personnel resources permit. It is also significant that more favorable prices can usually be negotiated for larger quantities of oil and/or gas product, such that Ring views itself as having a price disadvantage compared to larger producers.

Retention of Key Personnel

We depend to a large extent on the services of our officers. These individuals have extensive experience in the energy industry, as well as expertise in evaluating and analyzing producing oil and natural gas properties and drilling prospects, maximizing production from oil and natural gas properties and developing and executing financing strategies. The loss of any of these individuals could have a material adverse effect on our operations and business prospects. Our success may be dependent on our ability to continue to hire, retain and utilize skilled executive and technical personnel.

Environmental and Regulatory Risks

Our business and operations are subject to and impacted by a wide array of federal, state, and local laws and regulations governing the exploration for and development, production, and marketing of oil and natural gas, the operation of oil and natural gas wells, taxation, and environmental and safety matters. Many laws and regulations require drilling permits and govern the spacing of wells, rates of production, prevention of waste and other matters. From time to time, regulatory agencies have imposed price controls and limitations on production in order to conserve supplies of oil and natural gas. In addition, the production, handling, storage, transportation and disposal of oil and natural gas, byproducts thereof and other substances and materials produced or used in connection with oil and natural gas operations are subject to regulation under federal, state and local laws and regulations.

Currently, federal regulations provide that drilling fluids, produced waters and other wastes associated with the exploration, development or production of oil and natural gas are exempt from regulation as “hazardous waste.” From time to time, legislation has been proposed to eliminate or modify this exemption. Should the exemption be modified or eliminated, wastes associated with oil and natural gas exploration and production would be subject to more stringent regulation. On the federal level, operations on our properties may be subject to various federal statutes, including the Natural Gas Act, the Comprehensive Environmental Response, Compensation, and Liability Act, the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act, the Clean Air Act, the Federal Water Pollution Control Act and the Oil Pollution Act, as well as by regulations promulgated pursuant to these actions.

Historically, most of the environmental regulation of oil and gas production has been left to state regulatory boards or agencies in those jurisdictions where there is significant gas and oil production, with limited direct regulation by such federal agencies as the Environmental Protection Agency. However, while the Company believes this generally to be the case for its production activities, it should be noted that there are various Environmental Protection Agency regulations which would govern significant spills, blow-outs, or uncontrolled emissions. In Texas, specific oil and gas regulations exist related to the drilling, completion and operations of wells, as well as disposal of waste oil. There are also procedures incident to the plugging and abandonment of dry holes or other non-operational wells, all as governed by the Texas Railroad Commission, Oil and Gas Division.

Hydraulic fracturing is an important and common practice that is used to stimulate production of hydrocarbons from tight formations. The process involves the injection of water, sand and chemicals under pressure into formations to fracture the surrounding rock and stimulate production. The process is typically regulated by state oil and gas commissions. However, the Environmental Protection Agency has asserted federal regulatory authority over certain hydraulic fracturing practices. Also, legislation has been introduced, but not enacted, in Congress to provide for federal regulation of hydraulic fracturing and to require disclosure of the chemicals used in the fracturing process. Certain states, including Texas, and municipalities have adopted, or are considering adopting, regulations that have imposed, or that could impose, more stringent permitting, disclosure, disposal and well construction requirements on hydraulic fracturing operations.

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

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

Changes in regulations and laws relating to the oil and natural gas industry could result in our operations being disrupted or curtailed by government authorities. For example, oil and natural gas exploration and production may become less cost effective and decline as a result of increasingly stringent environmental requirements (including land use policies responsive to environmental concerns and delays or difficulties in obtaining environmental permits). A decline in exploration and production could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Interest Rate Risk

The Company is subject to market risk exposure related to changes in interest rates on its indebtedness under its Credit Facility, which bears variable interest based upon a prime rate and is therefore susceptible to interest rate fluctuations. Changes in interest rates affect the interest earned on the Company's cash and cash equivalents and the interest rate paid on borrowings under the Credit Facility. As of September 30, 2017, the Company had no amounts outstanding under its Credit Facility.

Currently, the Company does not use interest rate derivative instruments to manage exposure to interest rate changes.

Commodity Price Risk

Our major market risk exposure is in the pricing applicable to our oil and natural gas production. Market risk refers to the risk of loss from adverse changes in oil and natural gas prices. Realized pricing is primarily driven by the prevailing domestic price for crude oil and spot prices applicable to the region in which we produce natural gas. Historically, prices received for oil and natural gas production have been volatile and unpredictable. We expect pricing volatility to continue.

The prices we receive depend on many factors outside of our control. Oil prices we received during the nine month period ended September 30, 2017, ranged from a low of $39.69 per barrel to a high of $51.61 per barrel. Natural gas prices we received during the same period ranged from a low of $1.43 per Mcf to a high of $5.08 per Mcf. A significant decline in the prices of oil or natural gas could have a material adverse effect on our financial condition and results of operations. In order to reduce commodity price uncertainty and increase cash flow predictability relating to the marketing of our crude oil and natural gas, we may enter into crude oil and natural gas price hedging arrangements with respect to a portion of our expected production. As discussed in Note 3 of our financial statements, on September 25, 2017, the Company entered into new derivative contracts in the form of costless collars of WTI Crude Oil prices in order to protect the Company's cash flow from price fluctuation and maintain its capital programs. "Costless collars" are 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. The trades are for 1,000 barrels of oil per day. For the period of October 1, 2017 through December 31, 2017, the put price is $49.00 and the call price is $55.35. For the period of January 1, 2018 through December 31, 2018, the put price is $49.00 and the call price is $54.60.

The Company's revenues, profitability and future growth depend substantially on prevailing prices for oil and natural gas. Prices also affect the amount of cash flow available for capital expenditures and Ring's ability to borrow and raise additional capital. The amount the Company can borrow under our Credit Facility is subject to periodic redetermination based in part on changing expectations of future prices. Lower prices may also reduce the amount of oil and natural gas that the Company can economically produce. Ring currently sells all of its oil and natural gas production under price sensitive or market price contracts.

Customer Credit Risk

Our principal exposures to credit risk is through receivables from the sale of our oil and natural gas production (approximately \$7.6 million at September 30, 2017) and through receivables from our joint interest partners (approximately \$877 thousand at September 30, 2017). We are subject to credit risk due to the concentration of our oil and natural gas receivables with our most significant customers. We do not require our customers to post collateral, and the inability of our significant customers to meet their obligations to us or their insolvency or liquidation may adversely affect our financial results. For the nine months ended September 30, 2017, sales to two customers, Occidental Energy Marketing ("Oxy") and Enterprise Crude Oil LLC ("Enterprise") represented 73% and 23% of oil and gas revenues, respectively. As of September 30, 2017, Oxy and Enterprise represented 85% and 11% of our accounts receivable, respectively. Due to availability of other purchasers, we do not believe the loss of any single oil or natural gas customer would have a material adverse effect on our results of operations.

Currency Exchange Rate Risk

Foreign sales accounted for none of the Company's sales; further, the Company accepts payment for its commodity sales only in U.S. dollars. Ring is therefore not exposed to foreign currency exchange rate risk on these sales.

Item 4. Controls and Procedures

Evaluation of disclosure controls and procedures

Our management, with the participation of Kelly W. Hoffman, our principal executive officer, and William R. Broaddrick, our principal financial officer, evaluated the effectiveness of our disclosure controls and procedures pursuant to Rule 13a-15 under the Exchange Act. In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. In addition, the design of disclosure controls and procedures must reflect the fact that there are resource constraints and that management is required to apply its judgment in evaluating the benefits of possible controls and procedures relative to their costs.

Based on management's evaluation, Mssrs. Hoffman and Broaddrick concluded that our disclosure controls and procedures as of the end of the period covered by this filing were effective in ensuring that information required to be disclosed by us in reports that we file or submit under the Exchange Act (i) is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and (ii) is accumulated and communicated to the Company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

We will continue to monitor and evaluate the effectiveness of our disclosure controls and procedures and our internal controls over financial reporting on an ongoing basis and are committed to taking further action and implementing additional enhancements or improvements, as necessary and as funds allow.

Changes in internal control over financial reporting

We regularly review our system of internal control over financial reporting and make changes to our processes and systems to improve controls and increase efficiency, while ensuring that we maintain an effective internal control environment. Changes may include such activities as implementing new, more efficient systems, consolidating activities, and migrating processes. There were no changes in our internal control over financial reporting that occurred during the quarter ended September 30, 2017, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 2. Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities.

Use of Proceeds from Registered Securities

On July 21, 2017, the Company closed an underwritten public offering of 4,977,658 shares of its common stock, including 477,658 shares sold pursuant to the exercise of an over-allotment option previously granted to the underwriters, pursuant to an effective registration statement on Form S-3 (Registration No. 333-215909), which was declared effective by the SEC on February 14, 2017. The shares were sold at the public offering price of $12.50 per share. SunTrust Robinson Humphrey, Inc. and Seaport Global Securities LLC acted as joint book-running managers in the offering, and Capital One Securities, Inc., Euro Pacific Capital Inc., IBERIA Capital Partners L.L.C., Ladenburg Thalmann & Co. Inc., Northland Securities, Inc., and Roth Capital Partners acted as co-managers for the offering. The gross proceeds from the offering were approximately $62.2 million, and the Company's net proceeds from the offering were approximately $59.2 million, after deducting underwriting commissions and offering expenses payable by the Company of approximately $3 million. The approximately $3 million in offering costs and expenses included approximately $2.8 million in underwriting discounts with the remainder of the offering expenses being various legal, accounting, travel and other costs. No amounts were paid, directly or indirectly, to any director, officer or 10% owner. As of September 30, 2017, the Company had expended approximately $40.7 million in oil and gas property leasing and development activities with approximately $18.5 million remaining.

Item 6. Exhibits

Exhibit Number	Exhibit Description	Incorporated by Reference Form	File No.	Exhibit	Filing Date	Filed Here-with
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	
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 by Chief Executive Officer					X
32.2	Section 1350 Certification by Chief Financial Officer					X
101.INS	XBRL Instance Document					X
101.SCH	XBRL Taxonomy Extension Schema Document					X
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document					X
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document					X
101.LAB	XBRL Taxonomy Extension Label Linkbase Document					X
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document					X

SIGNATURES

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

		Ring Energy, Inc.
Date: November 8, 2017	By:	/s/ Kelly W. Hoffman Kelly W. Hoffman Chief Executive Officer and Director (Principal Executive Officer)
Date: November 8, 2017	By:	/s/ William R. Broaddrick William R. Broaddrick Chief Financial Officer (Principal Financial and Accounting Officer)

Exhibit 31.1

CERTIFICATIONS

I, Kelly W. Hoffman, certify that:

1. I have reviewed this Form 10-Q for the quarter ended September 30, 2017, of Ring Energy, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: November 8, 2017

/s/ Kelly W. Hoffman
Kelly W. Hoffman, CEO
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATIONS

I, William R. Broaddrick, certify that:

1. I have reviewed this Form 10-Q for the quarter ended September 30, 2017, of Ring Energy, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: November 8, 2017

/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 quarterly report of Ring Energy, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2017, as filed with the Securities and Exchange Commission (the "Report"), the undersigned principal executive officer and financial officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: November 8, 2017

/s/ Kelly W. Hoffman
Kelly W. Hoffman
(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 quarterly report of Ring Energy, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2017, as filed with the Securities and Exchange Commission (the "Report"), the undersigned principal executive officer and financial officer of the Company, hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date: November 8, 2017

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