



DIVISION OF  
CORPORATION FINANCE

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

September 10, 2012

Via E-mail

Mr. Bradley M. Colby  
Chief Executive Officer  
American Eagle Energy Corporation  
2549 W. Main Street, Suite 202  
Littleton, Colorado 80120

**Re: American Eagle Energy Corporation  
Form 10-K for the Fiscal Year ended December 31, 2011  
Filed April 16, 2012  
Response Letter dated July 2, 2012  
File No. 000-50906**

Dear Mr. Colby:

We have further reviewed your response letter and have the following additional comments. In some of our comments, we may ask you to provide us with information so we may better understand your disclosure.

Please respond to this letter within ten business days by amending your filing, by providing the requested information, or by advising us when you will provide the requested response. If you do not believe our comment applies to your facts and circumstances or do not believe an amendment is appropriate, please tell us why in your response.

After reviewing any amendment to your filing and the information you provide in response to this comment, we may have additional comments.

Form 10-K for the Fiscal Year ended December 31, 2011

General

1. We issued comments to you on the annual report and response letter referenced above on July 27, 2012. As of the date of this letter these comments remain outstanding and unresolved. Please submit a written response to the comments in that letter and the additional comments in this letter on EDGAR without further delay.

Financial Statements

Note 3 – Acquisition of American Eagle Energy Inc., page F-16

2. We have further considered your response to prior comment 2, regarding the merger of Eternal Energy Corp. and American Eagle Energy Inc., and your identification of the accounting acquirer. Please address the following points with respect to your application of FASB ASC 805-10-55-11 through 15.
- Provide us with a narrative describing the background to the merger, identify all participants including the party who initiated the merger, and explain how it was determined that Eternal Energy would be the issuer.
  - Tell us whether there are any voting arrangements, options, warrants or convertible securities that would allow the former shareholders of Eternal Energy with their 20% voting interest in the consolidated entity to override the former shareholders of American Eagle Energy Inc. having an 80% voting interest.
  - Please explain the reasons you believe Mr. Colby's 7.6% voting interest would be material to your analysis as it does not appear to represent a large minority voting interest in the consolidated company.
  - We understand that your board of directors consists of three previous members of Eternal Energy Corp's board of directors (although two are identified as independent), one previous member of AEE Inc.'s board of directors (who is now the chairman of the board), and one additional independent director. In other words, you now have two directors (one from each former company) who are not independent; and three directors who are independent. Please describe the manner by which your shareholders are able to change the composition of the board and clarify the nature of any alliances which compromises independence among any of the three directors whom you identify as independent.
  - Please submit further details about management within the consolidated entity, including a list of all individuals, their date of hire, and the number of hours each person works per week, an indication of whether they were previously with Eternal Energy Corp., American Eagle Energy Inc., or newly hired, and their title and a description of responsibilities.
  - Tell us how these management positions or personnel within these positions may be changed, identify any persons who are able to make these decisions independently, and describe the level of authority and involvement in these types of decisions by the board of directors.
  - Please explain how you applied FASB ASC 805-10-55-12(e) in evaluating whether either combining entity would be viewed as paying a premium over the

pre-combination fair value of the other entity. Submit your computations and explain how you determined the fair value of the equity interests of both companies prior to the combination.

- Tell us how the relative size of both companies were computed and evaluated in applying FASB ASC 805-10-55-13. Please also indicate which company owned the properties which the combined companies intend to further develop, and which are expected to contribute materially to future results of operations.

We urge all persons who are responsible for the accuracy and adequacy of the disclosure in the filing to be certain that the filing includes the information the Securities Exchange Act of 1934 and all applicable Exchange Act rules require. Since the company and its management are in possession of all facts relating to a company's disclosure, they are responsible for the accuracy and adequacy of the disclosures they have made.

In responding to our comment, please provide a written statement from the company acknowledging that:

- the company is responsible for the adequacy and accuracy of the disclosure in the filing;
- staff comments or changes to disclosure in response to staff comments do not foreclose the Commission from taking any action with respect to the filing; and
- the company may not assert staff comments as a defense in any proceeding initiated by the Commission or any person under the federal securities laws of the United States.

You may contact Jenifer Gallagher at (202) 551-3706 if you have questions regarding comments on the financial statements and related matters. Please contact me at (202) 551-3686 with any other questions.

Sincerely,

/s/ Karl Hiller

Karl Hiller  
Branch Chief