September 15, 2009

Elizabeth M. Murphy
Secretary, Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

File Number S7-13-09: **PROXY DISCLOSURE AND SOLICITATION ENHANCEMENTS**

The terms "we," "us," "our," "our Company" and "EPM" refer to Evolution Petroleum Corporation, a Nevada corporation.

EMP is a small independent oil and gas producer, headquartered in Houston, Texas, with a market capitalization of approximately $82 million as of September 14, 2009. Our petroleum operations began in September of 2003, and our common stock is traded on the NYSE Amex under the ticker symbol EPM.

We appreciate the opportunity to comment. Below we have indicated the specific comments that we wish to address.

A. **Enhanced Compensation Disclosure**

CD&A and Revisions to the Summary Compensation Table

Our General Comments:

1. One size doesn't fit all – disclosure requirements intended for a multibillion dollar company are not likely to fit microcap or smallcap companies, while imposing a significant cost burden in compliance.

2. A single compensation number, embracing equity incentives, is a difficult target to achieve. Its equity components vary with time, vesting, performance and changing markets.

3. Workers and managers are not motivated uniformly, even within their work groups. Ergo, compensation is not the only motivator in making good or bad decisions.

4. Unintended consequences should be considered, especially ones leading to increased litigation exposure through "Monday morning quarterbacking" of the registrant's disclosures.

5. The primary problem being addressed is not risk, but excessive risk through leverage that approaches or exceeds capital resources and, therefore, the entity.

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We believe that attention should be focused on circumstances where executives or traders are rewarded for generating income derived from taking risks in amounts that exceed available capital. All business involves some managed risk in order to generate returns greater than the risk-free Treasury rate.

6. There is no single fail-safe metric for measuring risk, as even the rating agencies have been wrong.

7. Director qualifications, experience and participation are the critical elements in policing entity risk.

Would expanding the scope of the CD&A to require disclosure concerning a company's overall compensation program as it relates to risk management and or risk-taking incentives provide meaningful disclosures to investors?

8. We refer to #3, above. Different people respond to different incentives, and risk decisions may be based on incentives not related to compensation.

9. We, therefore, believe it's inappropriate to focus on pay as the single incentive to assuming out-sized risks. Rather, the focus should be on identifying and controlling the assumption of "out-sized risks." Historically, most business failures have resulted from entities taking on risks that exceed their capital resources, rather than from the business becoming defunct. It's assuming these "out-sized risk" in order to generate short term profits that is the behavior that should be porperly managed.

10. Outsized risk is a result of leverage. Leverage exists not only as debt, but also as contingent liabilities, hedging, derivatives, counterparty risk, gaps in insurance, currency exchange risk, liquidity risk, fraud, "stuffing the channels", macro and micro economic risk, market risk, industry risk, technology risk, competitive risk, asset/liability duration matching risk and so forth..

11. We believe that adequate disclosure of a company's risk profile is necessary and prudent, and already is required in 1934 Act filings. Risk disclosures are itemized in detail under "Risk Factors", "Litigation and Contingencies", as well as the "MD&A". Additional disclosures, if any, should be limited to discussion of outsized risk as discussed above. However, any disclosure only works if read.

12. We understand that a significant basis for these proposed regulations is the recent failures of many financial institutions. However, most businesses and industries do not take these specialized, outsized trading risks. Requiring new disclosures on all industries, the majority of which do not undertake such significant exposures or complex transactions like financial institutions, will cause undue risks and hardships for companies, for which the reason for this proposal does not apply, and may have significant influence on future compensation policies of management that are not intended.

Should smaller reporting companies, who are currently not required to provide CD&A disclosure, be required to provide disclosure about their overall compensation policies as they relate to risk management?

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13. We believe these disclosures should be limited to large accelerated filers and then only to the extent applicable to outsized risk. They would require undue burdens and expense on small businesses that are not subject to many of the risks your examples focused on.

Is the proposed Summary Compensation Table reporting of equity awards a better approach for providing investors clear, meaningful, and comparable executive compensation disclosure consistent with the objectives of providing concise analysis in CD&A and a clear understanding of total compensation for the year? Would the proposals facilitate better informed investment and voting decisions?

14. The Staff's varying definitions of a single compensation figure is a result of the difficulty in defining such a measure – the equity component valuation and vesting schedules are most often not compatible with cash consideration. Consider the following:

    - Under existing rules, company expense is imputed to be the NEO's personal income, prorata at each forward vesting date. This is only correct when applied to a marketable security that is vested on the day of grant:

        - Market movements and "time premiums" change the valuation as time passes

        - The Black Scholes model, commonly used to value an option, assumes a tradable security. But for most company options, there is no market or ability to trade, and ownership transfer is precluded for ISO's. So in most cases, the Black Scholes model overstates the option's value. Similarly, restricted stock is valued at the market price on vesting, yet the employee is typically precluded from selling the restricted stock for months or years following the vesting date due to registration requirements or company policy.

    - Under the proposed rules, the grant valuation is correctly time computed, but incorrectly assumes:

        - Future year vestings are personal income in the current year

        - The Black Scholes model doesn't overstate the value of options "earned" by the NEO, regardless of their vesting.

    - Both rules incorrectly assume that:

        - The NEO's compensation is always positive (any decrease in stock price only reduces the value of current awards)

        - Cash and derivative compensation can be added together as equivalent.

    - We believe that the "rule making petition" approach has merit, without being added to cash compensation.

        - It's not perfect, but it most closely and correctly aligns the NEO's stock compensation with that of other stockholders.

15. Due to the forgoing, we suggest that the Summary Compensation Table be formatted as follows:

    - As now, one column each for Salary, Bonus (including unrestricted stock given in lieu of cash) and Perks for each NEO.

    - A total column for the above entitled "Total Cash Compensation".

    - A column for changes in vested equity for each NEO, based on the Intrinsic Method, as proposed in the rule making petition, be it a positive or negative number.

    - A column for grant date fair value of awards in the current year under the proposed rule, with the vesting schedule noted underneath each value.

    - No column for "Total Compensation". Each reader can mix and match as they see fit.

B. Enhanced Director and Nominee Disclosure

Would the proposed amendments provide investors with important information regarding directors and nominees for director? Are there any additional changes that we should make to further improve the disclosures about director and nominee qualifications?

16. The identification and control of risk is a qualitative matter. Therefore, adherence to the Prudent Man Rule at the Board level is the final line of protection against excessive risk.

17. We believe Director qualifications and experience matter, and that:

    - Appropriate disclosure is that sufficient to demonstrate the qualifications for serving on the particular Board of Directors.

    - We see no reason not to expand Director histories from five to seven years. This is reasonable and tracks other regulatory requirements, including the statute of limitations and the like.

- Any potential conflicts of interest should be included in the director's qualifications.

C. Leadership Structure

18. We have no problem with explaining our management structure.

D. New Disclosure Regarding Compensation Consultants

19. We agree with the Staff's proposed amendments to Item 407 disclosure.

IN CLOSING, we thank the Staff for considering our comments.

On behalf of Evolution Petroleum Corporation,

Sterling H. McDonald
VP, CFO and Treasurer