

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

FORM 8-K

Current Report

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report: September 28, 2006
Date of Earliest Event Reported: September 27, 2006

EVOLUTION PETROLEUM CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Nevada

(State or Other Jurisdiction of Incorporation)

0-27862

80-0028196

(Commission File Number)

(I.R.S. Employer Identification No.)

820 Gessner, Suite 1340, Houston, Texas

77024

(Address of Principal Executive Offices)

(Zip Code)

(713) 935-0122

(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425).
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12).
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b)).
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c)).

Item 2.02. Results of Operations and Financial Condition

On September 27, 2006, Evolution Petroleum Corporation, a Nevada corporation, issued a press release announcing its financial results for the fiscal year ended June 30, 2006. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated by reference herein.

Item 9.01. Financial Statements and Exhibits.

Exhibit No.	Description
99.1	Press release issued by Evolution Petroleum Corporation on September 27, 2006.

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.

Date: September 27, 2006

EVOLUTION PETROLEUM CORPORATION

By: /s/ Robert Herlin

Robert Herlin, Chief Executive Officer

FOR IMMEDIATE RELEASE

Company Contact:
Sterling McDonald, CFO
Phone: (713) 935-0122
Email: smcdonald@evolutionpetroleum.com

Investor Relations Contact:
Kathleen Heaney
Integrated Corporate Relations
(203) 803-3585

Evolution Reports Fiscal 2006 Results Highlighted by 75%
Increase in Operating Revenues and \$50 Million Received for Delhi
Farmout

Houston, TX, September 27, 2006. Evolution Petroleum Corporation (AMEX: EPM), formerly Natural Gas Systems, announced today that operating revenues for the fiscal year ended June 30, 2006 increased 75% over fiscal year 2005 to \$2.9 million. Increased oil volumes and higher realized oil prices led to a 91% increase in oil revenues, and decreased natural gas volumes on higher realized prices led to an 18% increase in natural gas revenues. Net income for the year was \$24.6 million, compared with a net loss of \$2.2 million in fiscal 2005. A \$45.3 million pre-tax gain on the sale of assets was the major factor in the increased net income reported for fiscal 2006. The Company reported earnings per share of \$0.98 basic and \$0.96 diluted for fiscal 2006, as compared to a loss per share of \$0.09 in fiscal 2005.

Fiscal 2006 Operating Highlights

- o Sales Volumes:
 - o Oil (Mbbbls) - 46.9
 - o Gas (MMcf) - 45.4
- o 5 development wells drilled
- o Average Realized Prices (including price risk activities):
 - o Oil - \$51.92
 - o Gas - \$9.35
- o Proved Reserves - 465 MBOE

Costs and Expenses

Lease operating expenses of \$1.7 million (\$31.66/boe sold) were 97% higher than fiscal 2005 and reflect a full year of operating expenses in the Tullos Field, a general increase in oilfield service costs and unexpectedly high workover costs on older, recently recompleted wells in the Delhi Field. General and administrative (G&A) costs were \$2.8 million for fiscal 2006 as compared to \$2.2 million in fiscal 2005. Increased G&A expenses reflect the overall growth of the business as well as higher costs associated with being a public company. For fiscal 2006, the company reported an operating loss of \$2.2 million compared to an operating loss of \$1.8 million in fiscal 2005.

Robert Herlin, President and Chief Executive Officer of Evolution Petroleum, commented, "Fiscal 2006 was a transformational year for Evolution Petroleum. The sale of our Delhi Farmout was completed late in the fiscal year, potentially adding 11 million to 16 million barrels of unproven resources to our interest through the CO2-EOR project planned for Delhi. This transaction also significantly strengthened our balance sheet, providing us with the necessary funds to further grow our three business initiatives in re-developing older fields, enhanced oil recovery and tight gas projects."

Conference Call Info.

Management will host a conference call to discuss these results today at 4:30 p.m. Eastern Time (3:30 p.m. Central Time). To participate in the conference call, dial 877-704-5384. International callers, please dial: 913-312-1279. No Passcode required.

The conference call will be webcast and can be accessed from the Company's website at www.evolutionpetroleum.com as well as from <http://viaavid.net/dce.aspx?sid=000035E3>. For those who are unable to listen to the webcast live, an indexed recording of the call will be posted on the Company's website following the call's completion.

A telephone replay will also be available for one week beginning at 7:30 p.m.

(Eastern) on September 26, 2006, and can be accessed by dialing 1-888-203-1112 or 1-719-457-0820 (international callers) and entering pin number 1040577.

About Evolution Petroleum

Evolution Petroleum Corporation (<http://www.evolutionpetroleum.com>) acquires mature oil and gas resources and applies conventional and specialized technology to accelerate production and develop incremental reserves and value. The Company currently owns 7.4% in overriding royalty interests and a 25% reversionary working interest in the 13,636 acre Delhi Field Holt Bryant Unit, a 25% working interest in certain other depths in the Delhi Field and 100% working interests in smaller fields, all located onshore in Louisiana. Having already produced 190 million barrels of oil through primary and secondary recovery methods, the Delhi Holt Bryant Unit is scheduled for redevelopment using CO2 enhanced oil recovery technology. The Company is actively engaged in other development projects.

Safe Harbor Statement

All statements contained in this press release regarding potential results and future plans and objectives of the Company are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements. The Company undertakes no obligation to update or review any forward-looking statement, whether as a result of new information, future events, or otherwise. Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, those factors that are disclosed under the heading "Risk Factors" and elsewhere in our documents filed from time to time with the United States Securities and Exchange Commission and other regulatory authorities. Statements regarding our ability to complete transactions, successfully apply technology applications in the re-development of oil and gas fields, realize future production volumes, realize success in our drilling and development activity, prices, future revenues and income and cash flows and other statements that are not historical facts contain predictions, estimates and other forward- looking statements. Although the Company believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved and these statements will prove to be accurate. Important factors could cause actual results to differ materially from those included in the forward-looking statements.

#####

EVOLUTION PETROLEUM
Consolidated Income Statement

	Years Ended June 30,	
	2006	2005
Revenues:		
Oil sales	\$ 2,450,676	\$ 1,335,288
Gas sales	424,190	358,433
Price risk management activities	(13,452)	(58,534)
Total revenues	2,861,414	1,635,187
Operating Costs:		
Production expenses	1,725,760	874,876
Production taxes	86,562	68,386
Depreciation, depletion and amortization	407,467	260,124
General and administrative (includes non-cash stock based compensation expense of \$546,567 and \$707,117 for the years ended June 30, 2006 and 2005)	2,826,085	2,220,780
Total operating costs	5,045,874	3,424,166
Loss from operations	(2,184,460)	(1,788,979)
Other income and (expense):		
Interest income	165,313	11,709
Interest expense	(2,600,180)	(387,301)
Gain on sale of assets	45,325,468	0
Total other income and (expense)	42,890,601	(375,592)
Income / (loss) before income taxes	40,706,141	(2,164,571)
Income tax expense:		
Current	2,978,650	0
Deferred	13,101,350	0
Total income tax expense	16,080,000	0
Net income (loss)	\$ 24,626,141	\$ (2,164,571)
Earnings/ (Loss) per common share		
Basic	\$ 0.98	\$ (0.09)
Diluted	\$ 0.96	\$ (0.09)
Weighted average number of common share		
Basic	25,031,125	23,533,922
Diluted	25,555,992	23,533,922

Evolution Petroleum Corporation and Subsidiaries
Consolidated Balance Sheets

	June 30,	
	2006	2005
Assets		
Current Assets:		
Cash	\$ 9,893,547	\$ 2,548,688
Accounts receivable, trade	132,371	300,761
Inventories	76,917	222,470
Prepaid expenses	157,629	84,304
Retainers and deposits	60,895	56,335
	-----	-----
Total current assets	10,321,359	3,212,558
Cash in qualified intermediary account for "like-kind" exchanges	34,662,368	0
Oil & Gas properties - full cost	3,878,551	5,276,303
Oil & Gas properties - not amortized	52,098	61,887
Less: accumulated depletion	(371,624)	(313,391)
	-----	-----
Net oil & gas properties	3,559,025	5,024,799
Furniture, fixtures and equipment, at cost	16,561	12,113
Less: accumulated depreciation	(7,998)	(3,401)
	-----	-----
	8,563	8,712
Restricted deposits	326,835	863,089
Other assets	79,808	356,066
	-----	-----
Total assets	\$ 48,957,958	\$ 9,465,224
	=====	=====
 Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 310,272	\$ 240,389
Accrued liabilities	473,782	276,470
Notes payable, current	0	6,754
Income taxes payable	2,978,650	0
Royalties payable	47,054	89,713
	-----	-----
Total current liabilities	3,809,758	613,326
Long term liabilities:		
Notes Payable, net of discount	0	2,906,548
Deferred income taxes payable	13,101,350	0
Asset retirement obligations	123,679	433,250
	-----	-----
Total liabilities	17,034,787	3,953,124
Common Stock, totaling 351,333 shares subject to demand registration rights	790,500	0
Stockholders' equity:		
Common Stock, par value \$0.001 per share; 100,000,000 shares authorized, 26,300,664 and 24,774,606, issued and outstanding as of June 30, 2006 and June 30, 2005, respectively, net of 351,333 shares of common stock subject to demand registration rights	26,300	24,774
Additional paid-in capital	10,274,555	9,611,767
Deferred stock based compensation	(265,167)	(595,283)
Accumulated income / (deficit)	21,096,983	(3,529,158)
	-----	-----
Total stockholders' equity	31,132,671	5,512,100
Total liabilities and stockholders' equity	\$ 48,957,958	\$ 9,465,224
	=====	=====