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8-K

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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 (Date of earliest event reported): **April 4, 2013**

Logo

Lucas Energy, Inc.
(Exact name of registrant as specified in its charter)

Nevada	**001-32508**	**20-2660243**
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

3555 Timmons Lane, Suite 1550 **Houston, Texas**	**77027**
(Address of principal executive offices)	(Zip Code)

Registrant’s telephone number, including area code (713) 528-1881

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:

¨ 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 1.01 Entry into a Material Definitive Agreement.

Effective April 4, 2013, Lucas Energy, Inc. ("Lucas" or the "Company") entered into a Loan Agreement with various lenders (the "Loan Agreement") pursuant to which such lenders loaned the Company an aggregate of $2,750,000 to be used for general working capital. The lenders included entities beneficially owned by our directors, Ken Daraie (which entity loaned us $2,000,000) and W. Andrew Krusen, Jr. (which entities loaned us $250,000), as well as an unrelated third party which loaned the Company $500,000.

The loans provided pursuant to the Loan Agreement were documented by Promissory Notes (the "Notes") which accrue interest at the rate of 14% per annum, with such interest payable monthly in arrears (beginning June 1, 2013) and are due and payable on October 4, 2013, unless the Company borrows an additional $2.5 million from the lenders, in which case, the maturity date of the Notes is April 4, 2014. The Notes can be prepaid at any time without penalty. In the event any amounts are not paid when due under the Notes and/or in the event any event of default occurs and is continuing under the Notes, the Notes accrue interest at the rate of 17% per annum. The Note holders were each paid their pro rata portion of a $55,000 commitment fee in connection with the Company's entry into the Notes and were each granted their pro rata portion of warrants to purchase 275,000 shares of the Company's common stock which were evidenced by Common Stock Purchase Warrants (the "Warrants").

The Warrants have an exercise price of $1.50 per share, a term of five years and cashless exercise rights in the event the shares issuable upon exercise of the Warrants are not registered with the Securities and Exchange Commission.

The Company agreed to comply with certain standard affirmative and negative covenants in connection with the Loan Agreement, including the requirement to continue to have its common stock listed on the NYSE MKT (or any equivalent replacement exchange), and the requirement to continue to comply with the filing requirements of the Securities Exchange Act of 1934, as amended. The Loan Agreement also includes customary events of default for facilities of similar nature and size as the Loan Agreement. Additionally, pursuant to the Loan Agreement, any proceeds received by the Company through any future funding activities or through the sale of oil and gas properties or interests is required to first be applied to the repayment of the Notes.

The repayment of the Notes is secured by a first priority security interest in one hundred (100) barrels of oil per day of net production from the Company's owned and operated oil and gas properties, and all payments and proceeds associated therewith.

The above description of the Loan Agreement, Notes, and Warrants is not complete and is qualified in its entirety by the full text of the Loan Agreement, Notes, and Warrants, copies of which are filed herewith as Exhibits 4.1, 10.2 and 10.3 to this Current Report and incorporated by reference in this Item 1.01.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

To the extent required by Item 2.03 of Form 8-K, the information contained in Item 1.01 of this Current Report is hereby incorporated by reference into this Item 2.03.

Item 3.02 Unregistered Sales of Equity Securities.

As described above in Item 1.01, the Company sold $2,750,000 in Notes to various lenders and granted such lenders their pro rata share of the Warrants (defined and described in Item 1.01, above) in connection with the Company's entry into the Loan Agreement.

The Company claims an exemption from registration afforded by Section 4(2) of the Securities Act of 1933, as amended (the "Act") since the foregoing sales and grants did not involve a public offering, the recipients took the securities for investment and not resale, the Company took appropriate measures to restrict transfer, and the recipients were "accredited investors". No underwriters or agents were involved in the foregoing and the Company paid no underwriting discounts or commissions.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Effective April 4, 2013, the Company appointed William J. Dale as the Company's Chief Financial Officer, Treasurer and Secretary.

Biographical information for Mr. Dale is provided below:

William J. Dale, Age 43

Mr. Dale has extensive experience in the energy industry including in exploration and production, pipelines, power, and marketing (both domestic and international). Prior to joining the Company, Mr. Dale served as a finance and account consultant to various entities in the oil and gas industry (including the Company) from March 2012 to April 2013. From January 2011 to February 2012, Mr. Dale served as the Director of Financial Planning and Analysis (FP&A) for Global Industries Ltd (which was merged with Technip USA in December 2011). From March 2009 to December 2010, Mr. Dale served as Chief Financial Officer and Controller of KD Resources LLC (which was merged with Platinum Energy in February 2011). From August 2008 to March 2009, Mr. Dale served as Chief Financial Officer of Blue Dolphin Energy. Mr. Dale served as the Assistant Treasurer and Manager of Planning and Strategy to Rosetta Resource Inc. from August 2005 to August 2008. From April 2004 to August 2005, Mr. Dale served as Manager of Financial Reporting and Analysis with JM Huber Energy. Mr. Dale served as a Manager of Corporate Finance with EL Paso Corp. from September 1999 to April 2004. From 1996 to 1999, Mr. Dale served in various financial analyst positions with Columbia Energy Group and Tejas Gas Corp. (which was acquired by Shell USA in January 1998).

Mr. Dale received dual Bachelor of Business Administration degrees from the University of Houston in Accounting and Finance in 1996 and his MBA from the University of Houston in 1999. Mr. Dale is a Certified Public Accountant licensed by the State of Texas.

Employment Agreement with Mr. Dale

Effective April 4, 2013, the Company entered into an Employment Agreement with Mr. Dale. The agreement has a term of two years, expiring on March 31, 2015, provided that the agreement is automatically extended for additional one year terms, unless either party provides notice of their intent not to renew within the 30 day period prior to any automatic renewal date. The Company agreed to pay Mr. Dale a base annual salary of $220,000 during the term of the agreement, of which $200,000 is payable in cash and $20,000 is payable in shares of the Company's common stock. The stock consideration due under the agreement is payable on April 1st of each year of the term of the agreement, including $20,000 in stock which was paid to Mr. Dale immediately upon the parties' entry into the agreement and is based on the closing sales price of the Company's common stock on the applicable required issuance date. Mr. Dale is also eligible for an annual bonus of up to 30% of his base salary in cash or stock.

In connection with the parties' entry into the Employment Agreement, Mr. Dale was granted five year options to purchase 125,000 shares of the Company's common stock at an exercise price of $1.33 per share (the "Options"), of which 75,000 Options vest on the first anniversary of the Employment Agreement and 50,000 Options vest on the second anniversary, subject in all cases to the terms and conditions of the Company's 2012 Stock Incentive Plan. In the event the Employment Agreement is terminated by the Company for a reason other than cause (as described in the Employment Agreement) or by Mr. Dale for good reason (as described in the Employment Agreement), Mr. Dale is due, in the form of a lump sum payment, 100% of the base salary and bonus he was paid under the agreement for the prior 12 month period (the "12 Month Base Salary"), plus reimbursement for COBRA insurance premiums as provided for in the agreement. In the event Mr. Dale's employment is terminated by the Company or Mr. Dale within six months before or 24 months after a Change of Control (as defined in the Employment Agreement) and the Company's common stock is trading at more than $2.50, he is due an additional 100% of the 12 Month Base Salary, provided that if the Company's common stock is trading at less than $1.50 per share, he is only due the 12 Month Base Salary and in the event the Company's common stock is trading between $1.50 and $2.50 per share, he is due up to an additional 100% (or up to 200% total including the payment described in the immediately preceding sentence) of the 12 Month Base Salary, based on the proportional trading price of the Company's common stock between such $1.50 and $2.50 trading prices. All payments are conditioned upon Mr. Dale entering into a release agreement in reasonable form and substance to the Company.

If Mr. Dale's employment is terminated as a result of death or Disability (as defined in the agreement), the Company will pay his base salary which would have been payable to Mr. Dale through the date his employment is terminated and all amounts actually earned, accrued or owing as of the date of termination. If Mr. Dale's employment is terminated for Cause or Mr. Dale voluntarily terminates his employment, the Company will pay his base salary and all amounts actually earned, accrued or owing as of the date of termination and he will be entitled for a period of three months after termination to exercise all Options granted to him under his employment agreement or otherwise, to the extent vested and exercisable on the date of termination. Mr. Dale's employment agreement contains no covenant-not-to-compete or similar restrictions after termination other than standard confidentiality requirements. Additionally, any and all unvested Options are forfeited upon the termination of the Employment Agreement.

The above description of the Employment Agreement is not complete and is qualified in its entirety by the full text of the Employment Agreement, a copy of which is filed as Exhibit 10.1 to this Current Report and incorporated by reference in this Item 5.02.

Item 9.01 Financial Statements and Exhibits.

Exhibit No.	**Description**
4.1*	Form of Common Stock Purchase Warrant (April 4, 2013 Loan Agreement)
10.1*	April 4, 2013 Employment Agreement with William J. Dale
10.2*	April 4, 2013 Loan Agreement
10.3*	Form of Promissory Note (April 4, 2013 Loan Agreement)
99.1**	April 8, 2013 Press Release Announcing the Appointment of Mr. Dale

* Filed herewith.
** Furnished herewith.

Signature

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 hereunto duly authorized.

LUCAS ENERGY, INC.

By: */s/ William J. Dale*
Name: William J. Dale
Title: Chief Financial Officer

Date: April 8, 2013

EXHIBIT INDEX

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EXHIBIT 4.1

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR ANY STATE SECURITIES LAW, AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF OR EXERCISED UNLESS (i) A REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS SHALL HAVE BECOME EFFECTIVE WITH REGARD THERETO, OR (ii) AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS IS AVAILABLE IN CONNECTION WITH SUCH OFFER, SALE OR TRANSFER.

AN INVESTMENT IN THESE SECURITIES INVOLVES A HIGH DEGREE OF RISK. HOLDERS MUST RELY ON THEIR OWN ANALYSIS OF THE INVESTMENT AND ASSESSMENT OF THE RISKS INVOLVED.

Warrant to Purchase
_____ shares

Warrant Number _____

Common Stock Purchase Warrant
of
Lucas Energy, Inc.

THIS CERTIFIES that _____, or any subsequent holder hereof (**"Holder"**) has the right to purchase from **Lucas Energy, Inc.**, a Nevada company (the **"Company"**), up to _____ (_____) fully paid and nonassessable shares, of the Company's common stock, $0.001 par value per share (**"Common Stock"**), subject to adjustment as provided herein, at a price equal to the Exercise Price as defined in Section 3 below, at any time during the Term of this Warrant (as defined below).

Holder agrees with the Company that this Common Stock Purchase Warrant of the Company (this **"Warrant"** or this **"Agreement"**) is issued and all rights hereunder shall be held subject to all of the conditions, limitations and provisions set forth herein.

1. Date of Issuance and Term.

This Warrant shall be deemed to be granted on April 4, 2013 (**"Date of Issuance"**), provided that the grant of this Warrant and the issuance of any Warrant Shares (as defined below) shall be subject in all cases to the the listing of the Warrant Shares on the NYSE MKT. The term of this Warrant begins on the Date of Issuance and ends at 5:00 p.m., Central Standard Time, on the date that is five (5) years after the Date of Issuance (the **"Term"**). This Warrant was issued in conjunction with the sale of Notes to the Holder pursuant to the terms of the Loan Agreement dated April 4, 2013 (the **"Loan Agreement"**) by and between the Company and certain lenders including the Holder. Capitalized terms not defined herein shall have the meanings ascribed to such terms as provided in the Loan Agreement.

2. Exercise.

(a) Manner of Exercise. During the Term, this Warrant may be Exercised as to all or any lesser number of full shares of Common Stock covered hereby (the **"Warrant Shares"** or the **"Shares"**) upon surrender of this Warrant, with the Notice of Exercise Form attached hereto as Exhibit A (the **"Notice of Exercise"**) duly completed and executed, together with the full Exercise Price (as defined below, which may be satisfied by either a Cash Exercise or a Cashless Exercise, as each is defined below, provided a Cashless Exercise may not be used until after six (6) months from the date hereof and a Cashless exercise may not be used if the Warrant Shares have been registered with the Securities and Exchange Commission) for each share of Common Stock as to which this Warrant is Exercised, at the office of the Company, Attn: Secretary; Lucas Energy, Inc., 3555 Timmons Lane, Suite 1550, Houston, Texas 77027 or at such other location as the Company may then be located or such other office or agency as the Company may designate in writing, by overnight mail, by facsimile (such surrender and payment of the Exercise Price hereinafter called the **"Exercise"** of this Warrant). In the case of a Cashless Exercise, the Exercise Price is deemed to have been delivered upon the Holder's delivery of a Notice of Exercise to the Company.

(b) Date of Exercise. The **"Date of Exercise"** of the Warrant shall be defined as the date that a copy of the Notice of Exercise Form attached hereto as Exhibit A, completed and executed, is sent by facsimile to the Company or its transfer agent (**" Transfer Agent"**) (including but not limited to a scanned "PDF" file which is delivered as an attachment to an e-mail to the Company), provided that the original Warrant (if delivery of the original Warrant is required pursuant to Section 2(h) hereof) and Notice of Exercise Form are received by the Company and the Exercise Price is satisfied, each as soon as practicable thereafter. Alternatively, the Date of Exercise shall be defined as the date the original Notice of Exercise Form is received by the Company, if Holder has not sent advance notice by facsimile. Upon delivery of the Notice of Exercise Form to the Company by facsimile or otherwise, the Holder shall be deemed for all corporate purposes to have become the holder of record of the Warrant Shares with respect to which this Warrant has been exercised, irrespective of the date such Warrant Shares are credited to the Holder's DTC account or the date of delivery of the certificates evidencing such Warrant Shares as the case may be. The Company shall deliver any objection to any Notice of Exercise within five (5) Business Days of receipt of such notice. In the event of any dispute or discrepancy, the records of the Holder shall be controlling and determinative in the absence of manifest error. "**Business Day**" shall mean any day other than a Saturday, Sunday or a day on which commercial banks in the City of Houston, Texas are authorized or required by law or executive order to remain closed.

(c) Delivery of Common Stock Upon Exercise. Within ten (10) Trading Days from the delivery to the Company of the Notice of Exercise, surrender of this Warrant (if required) and payment of the aggregate Exercise Price (which, in the case of a Cashless Exercise, shall be deemed to have been paid upon the submission by the Holder of a Notice of Exercise)(the **"Warrant Shares Delivery Deadline"**), the Company shall issue and deliver (or cause its transfer agent to issue and deliver) in accordance with the terms hereof to or upon the order of the Holder that number of shares of Common Stock (**"Exercise Shares"**) for the portion of this Warrant converted as shall be determined in accordance herewith. Upon the Exercise of this Warrant or any part thereof, the Company shall, at its own cost and expense, take all necessary action, which shall not include obtaining and delivering an opinion of counsel to assure that the Company's transfer agent shall issue stock certificates in the name of Holder (or its nominee) or such other persons as designated by Holder and in such denominations to be specified at Exercise representing the number of shares of Common Stock issuable upon such Exercise, which action shall be the sole responsibility of Holder. The Company warrants that no instructions other than these instructions have been or will be given to the transfer agent of the Company's Common Stock and that, unless waived by the Holder, in the event the Exercise Shares are eligible to be issued without legend pursuant to Rule 144 under the Securities Act of 1933, as amended (the "**1933 Act**" or the "**Securities Act**") in the reasonable determination of the Company's counsel, upon receipt from the Holder of an opinion of counsel as to the fact that such Exercise Shares are eligible to be issued without legend, the Exercise Shares will be free-trading, and freely transferable, and will not contain a legend restricting the resale or transferability of the Exercise Shares if the Unrestricted Conditions (as defined below) are met, and the Holder has supplied the Company with an opinion of counsel as to such fact, acceptable to the Company, which acceptance shall not be unreasonably withheld.

(d) Legends. (i) Restrictive Legend. The Holder understands that (a) the Warrant and, (b) until such time as Exercise Shares have been registered under the 1933 Act, if ever, or, may be sold pursuant to Rule 144 under the 1933 Act without any restriction as to the number of securities as of a particular date that can then be immediately sold, the Exercise Shares, shall bear a restrictive legend in substantially the following form (and a stop-transfer order may be placed against transfer of the certificates for such securities):

> **"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS. THE SECURITIES MAY NOT BE SOLD, TRANSFERRED OR ASSIGNED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER SAID ACT, OR AN OPINION OF COUNSEL, IN FORM, SUBSTANCE AND SCOPE REASONABLY SATISFACTORY TO COUNSEL TO THE COMPANY, THAT REGISTRATION IS NOT REQUIRED UNDER SAID ACT."**

(ii) Removal of Restrictive Legends. Certificates evidencing the Exercise Shares shall not contain any legend restricting the transfer thereof (including the legend set forth above in subsection 2(d)(i)): (i) while a registration statement covering the resale of such security is effective under the Securities Act, or (ii) following any valid and applicable sale of such Exercise Shares pursuant to Rule 144, which determination shall be made in the sole determination of the Company's counsel, provided that the Company may request an opinion from Holder as to the applicability of such rule, or (iii) if such legend is not required under applicable requirements of the Securities Act (including judicial interpretations and pronouncements issued by the staff of the Securities and Exchange Commission (the "**Commission**")), which determination shall be made in the sole determination of the Company's counsel (collectively, the **"Unrestricted Conditions"**). If the Unrestricted Conditions are met at the time of issuance or resale of Exercise Shares, then such Exercise Shares shall be issued free of all legends.

(iii) Sale of Unlegended Shares. Holder agrees that the removal of the restrictive legend from certificates representing Securities as set forth in Section 2(d)(i) above is predicated upon the Company's reliance that the Holder will sell any Exercise Shares pursuant to either the registration requirements of the Securities Act, including any applicable prospectus delivery requirements, or an exemption therefrom, and that if Securities are sold pursuant to a Registration Statement, they will be sold in compliance with the plan of distribution set forth therein.

(e) Cancellation of Warrant. This Warrant shall be cancelled upon the full Exercise of this Warrant, and, as soon as practical after the Date of Exercise, Holder shall be entitled to receive Common Stock for the number of shares purchased upon such Exercise of this Warrant, and if this Warrant is not Exercised in full and Holder has delivered an original copy of the Warrant, Holder shall be entitled to receive a new Warrant (containing terms identical to this Warrant) representing any unexercised portion of this Warrant in addition to such Common Stock.

(f) Holder of Record. Each person in whose name any Warrant for shares of Common Stock is issued shall, for all purposes, be deemed to be the Holder of record of such shares on the Date of Exercise of this Warrant, irrespective of the date of delivery of the Common Stock purchased upon the Exercise of this Warrant. Nothing in this Warrant shall be construed as conferring upon Holder any rights as a stockholder of the Company.

(g) Delivery of Electronic Shares. In lieu of delivering physical certificates representing the unlegended shares of Common Stock issuable upon Exercise (the **"Unlegended Shares"**), provided the Company's transfer agent is participating in the Depository Trust Company (**"DTC"**) Fast Automated Securities Transfer (**"FAST"**) program, upon written request of the Holder, so long as the certificates therefor do not bear a legend, and are not required to bear a legend, and the Holder is not obligated to return such certificate for the placement of a legend thereon, the Company shall cause its transfer agent to electronically transmit the Unlegended Shares to the Holder by crediting the account of the Holder's broker with DTC identified in the written request through its Deposit Withdrawal Agent Commission (**"DWAC"**) system. Otherwise, delivery of the Common Stock shall be by physical delivery to the address specified by the Holder in the Notice of Exercise. The time periods for delivery and liquidated damages described herein shall apply to the electronic transmittals described herein, or to physical delivery, whichever is applicable.

(h) Surrender of Warrant Upon Exercise; Book-Entry. Notwithstanding anything to the contrary set forth herein, upon Exercise of this Warrant in accordance with the terms hereof, the Holder shall not be required to physically surrender the original Warrant Certificate to the Company unless all of this Warrant is Exercised, in which case such Holder shall deliver the original Warrant being Exercised to the Company promptly following the Date of Exercise at issue. Partial exercises of this Warrant resulting in purchases of a portion of the total number of Warrant Shares available hereunder shall have the effect of lowering the outstanding number of Warrant Shares purchasable hereunder in an amount equal to the applicable number of Warrant Shares purchased. The Holder and the Company shall maintain records showing the amount of this Warrant that is so Exercised and the dates of such Exercises or shall use such other method, reasonably satisfactory to the Holder and the Company, so as not to require physical surrender of this original Warrant upon each such Exercise. In the event of any dispute or discrepancy, such records of the Holder shall be controlling and determinative in the absence of manifest error. The Holder and any assignee, by acceptance of this Warrant, acknowledge and agree that, by reason of the provisions of this paragraph, following the purchase of a portion of the Warrant Shares hereunder, the number of Warrant Shares available for purchase hereunder at any given time may be less than the amount stated on the face hereof.

3. Payment of Warrant Exercise Price.

The Exercise Price (**"Exercise Price"**) shall be the greater of (a) $1.50 per share; and (b) $0.01 above the closing sales price of the Company's Common Stock on the date the Loan Agreement is entered into by the parties (the **"Initial Exercise Price "**), subject to adjustment pursuant to the terms hereof, including but not limited to Section 5 below.

Payment of the Exercise Price may be made by either of the following, or a combination thereof, at the election of Holder:

(i) Cash Exercise*:* The Holder may exercise this Warrant in cash, via bank or cashier's check or via wire transfer (a **"Cash Exercise"**); or

(ii) Cashless Exercise*:* The Holder, at its option, in the event the Warrant Shares have not been registered with the Securities and Exchange Commission, and in the event the Market Price (defined below) of the Company's Common Stock is greater than the Exercise Price, may exercise this Warrant in one or more cashless exercise transactions any time after the expiration of six (6) months from the Date of Issuance then in effect covering the resale of the Warrant Shares issuable upon such exercise, subject to the following sentence. In the event a registration statement is in effect which relates to some or all of the Warrant Shares, the Holder shall be required to affect a Cash Exercise of this Warrant until such time as the Holder has extinguished the full number of registered Warrant Shares, at which time the Holder shall be eligible for a Cashless Exercise for the remaining unregistered Warrant Shares, if any. In order to effect a Cashless Exercise, the Holder shall surrender this Warrant at the principal office of the Company together with notice of cashless election, in which event the Company shall issue Holder a number of shares of Common Stock computed using the following formula (a **"Cashless Exercise"**), assuming that the Exercise Price is less than the Market Price (as defined below):

$$X = Y (A-B)/A$$

where: X = the number of shares of Common Stock to be issued to Holder.

Y = the number of shares of Common Stock for which this Warrant is being Exercised.

A = the Market Price of one (1) share of Common Stock (for purposes of this Section 3(ii), where **"Market Price,"** as of any date, means the average of the Closing Prices of the Company's Common Stock during the five (5) consecutive Trading Day period immediately preceding the date of Exercise, or other applicable date)

B = the Exercise Price.

As used herein, the term "Closing Price" for any security as of any date means the last sales price of the security as reported by, or based upon data reported by, Bloomberg L.P. or an equivalent, reliable reporting service mutually acceptable to and hereafter designated by holders of a majority in interest of the Warrants and the Company (**"Bloomberg"**). If the Closing Price cannot be calculated for such security on such date in the manner provided above or if the Company's Common Stock is not publicly-traded, the Closing Price shall be the fair market value as mutually determined by the Company and the holders of a majority in interest of the Warrants being. **"Trading Day"** shall mean any day on which the Common Stock is traded for any period on a principal securities exchange or other securities market on which the Common Stock is then being traded.

For purposes of Rule 144 and sub-section (d)(3)(ii) thereof, it is intended, understood and acknowledged that the Common Stock issuable upon Exercise of this Warrant in a Cashless Exercise transaction shall be deemed to have been acquired at the time this Warrant was issued. Moreover, it is intended, understood and acknowledged that the holding period for the Common Stock issuable upon Exercise of this Warrant in a Cashless Exercise transaction shall be deemed to have commenced on the date this Warrant was issued.

4. Transfer and Registration. Subject to the provisions of Section 8 of this Warrant, this Warrant may be transferred on the books of the Company, in whole or in part, in person or by attorney, upon surrender of this Warrant properly completed and endorsed. This Warrant shall be cancelled upon such surrender and, as soon as practicable thereafter, the person to whom such transfer is made shall be entitled to receive a new Warrant or Warrants as to the portion of this Warrant transferred, and Holder shall be entitled to receive a new Warrant as to the portion hereof retained.

5. Adjustments; Additional Adjustments; Purchase Rights.

(a) Recapitalization or Reclassification. If the Company shall at any time prior to the end of the Term, effect a recapitalization, reclassification or other similar transaction of such character that the shares of Common Stock shall be changed into or become exchangeable for a larger or smaller number of shares, then upon the effective date thereof, the number of shares of Common Stock which Holder shall be entitled to purchase upon Exercise of this Warrant shall be increased or decreased, as the case may be, in direct proportion to the increase or decrease in the number of shares of Common Stock by reason of such recapitalization, reclassification or similar transaction, and the Exercise Price shall be, in the case of an increase in the number of shares, proportionally decreased and, in the case of a decrease in the number of shares, proportionally increased. The Company shall give Holder the same notice it provides to holders of Common Stock of any transaction described in this Section 5(a).

(b) Exercise Price Adjusted. As used in this Warrant, the term **"Exercise Price"** shall mean the purchase price per share specified in Section 3 of this Warrant, until the occurrence of an event stated in this Section 5 or otherwise set forth in this Warrant, and thereafter shall mean said price as adjusted from time to time in accordance with the provisions of said subsection. No such adjustment under this Section 5 shall be made unless such adjustment would change the Exercise Price at the time by $.01 or more; provided, however, that all adjustments not so made shall be deferred and made when the aggregate thereof would change the Exercise Price at the time by $.01 or more. No adjustment made pursuant to any provision of this Section 5 shall have the net effect of increasing the Exercise Price in relation to the split adjusted and distribution adjusted price of the Common Stock.

(c) Adjustments: Additional Shares, Securities or Assets. In the event that at any time, as a result of an adjustment made pursuant to this Section 5 or otherwise, Holder shall, upon Exercise of this Warrant, become entitled to receive shares and/or other securities or assets (other than Common Stock) then, wherever appropriate, all references herein to shares of Common Stock shall be deemed to refer to and include such shares and/or other securities or assets; and thereafter the number of such shares and/or other securities or assets shall be subject to adjustment from time to time in a manner and upon terms as nearly equivalent as practicable to the provisions of this Section 5.

(d) Subdivision or Combination of Common Stock. If the Company at any time prior to the end of the Term subdivides (by any stock split, stock dividend, recapitalization, reorganization, reclassification or otherwise) the shares of Common Stock acquirable hereunder into a greater number of shares, then, after the date of record for effecting such subdivision, the Exercise Price in effect immediately prior to such subdivision will be proportionately reduced and the number of shares represented by this Warrant shall proportionally increase. If the Company at any time combines (by reverse stock split, recapitalization, reorganization, reclassification or otherwise) the shares of Common Stock acquirable hereunder into a smaller number of shares, then, after the date of record for effecting such combination, the Exercise Price in effect immediately prior to such combination will be proportionately increased and the number of shares represented by this Warrant shall proportionally decrease.

(e) Voluntary Adjustment By Company. The Company may at any time during the term of this Warrant reduce the then current Exercise Price to any amount and for any period of time deemed appropriate by the Board of Directors of the Company (a **"Voluntary Adjustment"**).

(f) Adjustment to Number of Shares. In the event of any adjustment to the Exercise Price prior to the expiration of the Term of this Warrant, pursuant to the terms of this Warrant, including but not limited to any Voluntary Adjustment, the number of Warrant Shares issuable upon Exercise of this Warrant shall be increased such that the aggregate Exercise Price payable in a full Cash Exercise hereunder, after taking into account the decrease in the Exercise Price, shall be equal to the aggregate Exercise Price payable in a full Cash Exercise prior to such adjustment, and the number of Warrant Shares issuable in a Cashless Exercise shall be increased accordingly.

(g) Notice of Adjustments; Notice Failure Adjustment. Whenever the Exercise Price is required to be adjusted pursuant to the terms of this Warrant, the Company shall within Five (5) Business Days mail to the Holder a notice (an **"Exercise Price Adjustment Notice"**) setting forth the new Exercise Price and specifying the new number of shares into which the Warrant is convertible after such adjustment and setting forth a statement of the facts requiring such adjustment. The Company shall, upon the written request at any time of the Holder, furnish to such Holder a like Warrant setting forth (i) such adjustment or readjustment, (ii) the Exercise Price at the time in effect and (iii) the number of shares of Common Stock and the amount, if any, of other securities or property which at the time would be received upon Exercise of the Warrant, following delivery of the original Warrant to the Company for exchange. For purposes of clarification, whether or not the Company provides an Exercise Price Adjustment Notice pursuant to this Section 5(g), upon the occurrence of any event that leads to an adjustment of the Exercise Price, the Holders are entitled to receive an Exercise Price and a number of Exercise Shares based upon the new Exercise Price, as adjusted, for exercises occurring on or after the date of such adjustment, regardless of whether a Holder accurately refers to the adjusted Exercise Price in the Notice of Exercise.

6. Fractional Interests. No fractional shares or scrip representing fractional shares shall be issuable upon the Exercise of this Warrant, but on Exercise of this Warrant, Holder may purchase only a whole number of shares of Common Stock. If, on Exercise of this Warrant, Holder would be entitled to a fractional share of Common Stock or a right to acquire a fractional share of Common Stock, such fractional share shall be disregarded and the number of shares of Common Stock issuable upon Exercise shall be the next closest number of whole shares.

7. Reservation of Shares. From and after the date hereof, the Company shall at all times reserve for issuance such number of authorized and unissued shares of Common Stock (or other securities substituted therefor as herein above provided) equal to 100% (the **"Minimum Warrant Share Reservation Amount"**) of such number as shall be sufficient for the Exercise of this Warrant and payment of the Exercise Price in full. If at any time the number of shares of Common Stock authorized and reserved for issuance is below 100% of the number of shares sufficient for the Exercise of this Warrant (a **"Share Authorization Failure"**)(based on the Exercise Price in effect from time to time), the Company will promptly take all corporate action necessary to authorize and reserve a sufficient number of shares, including, without limitation, calling a special meeting of stockholders to authorize additional shares to meet the Company's obligations under this Section 7, in the case of an insufficient number of authorized shares, and using its best efforts to obtain stockholder approval of an increase in such authorized number of shares such that the number of shares authorized and reserved for the Exercise of this Warrant shall exceed the Minimum Warrant Share Reservation Amount. The Company covenants and agrees that upon the Exercise of this Warrant, all shares of Common Stock issuable upon such Exercise shall be duly and validly issued, fully paid, nonassessable and not subject to liens, claims, preemptive rights, rights of first refusal or similar rights of any person or entity.

8. Restrictions on Transfer.

(a) Registration or Exemption Required. This Warrant has been issued in a transaction exempt from the registration requirements of the Act by virtue of Regulation D of the 1933 Act. The Warrant and the Common Stock issuable upon the Exercise of this Warrant may not be transferred, sold or assigned except pursuant to an effective registration statement or an exemption to the registration requirements of the Act and applicable state laws.

(b) Assignment. If Holder can provide the Company with reasonably satisfactory evidence that the conditions above regarding registration or exemption have been satisfied, Holder may sell, transfer, assign, pledge or otherwise dispose of this Warrant, in whole or in part. Holder shall deliver a written notice to Company, substantially in the form of the Assignment reasonably requested by the Company, indicating the person or persons to whom the Warrant shall be assigned and the respective number of warrants to be assigned to each assignee. The Company shall effect the assignment within ten (10) days of receipt of such notice, and shall deliver to the assignee(s) designated by Holder a Warrant or Warrants of like tenor and terms for the appropriate number of shares.

9. Non-circumvention. The Company hereby covenants and agrees that the Company will not, by amendment of its Certificate of Incorporation, Bylaws or through any reorganization, transfer of assets, consolidation, merger, scheme of arrangement, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Warrant, and will at all times in good faith carry out all the provisions of this Warrant and take all action as may be required to protect the rights of the Holder. Without limiting the generality of the foregoing, the Company (i) shall not increase the par value of any shares of Common Stock receivable upon the exercise of this Warrant above the Exercise Price then in effect, and (ii) shall take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock upon the exercise of this Warrant.

11. Remedies, Other Obligations, Breaches and Injunctive Relief. The remedies provided in this Warrant, if any, shall be cumulative and in addition to all other remedies available under this Warrant, at law or in equity (including a decree of specific performance and/or other injunctive relief), and nothing herein shall limit the right of the Holder to pursue actual damages for any failure by the Company to comply with the terms of this Warrant. The Company acknowledges that a breach by it of its obligations hereunder could cause irreparable harm to the Holder and that the remedy at law for any such breach may be inadequate. The Company therefore agrees that, in the event of any such breach or threatened breach, the holder of this Warrant could seek, in addition to all other available remedies, an injunction restraining any breach.

12. Dispute Resolution. In the case of a dispute as to the determination of the Exercise Price or the arithmetic calculation of the number of Warrant Shares issuable upon any exercise of this Warrant, the Company shall promptly issue to the Holder the number of Warrant Shares that are not disputed and resolve such dispute in accordance with this subsection. In the case of a dispute as to the arithmetic calculation of the Exercise Price, the Company shall submit the disputed determinations or arithmetic calculations via facsimile within five (5) Business Days of receipt, or deemed receipt, of the Notice of Exercise or Redemption Notice or other event giving rise to such dispute, as the case may be, to the Holder. If the Holder and the Company are unable to agree upon such determination or calculation within five (5) Business Days of such disputed determination or arithmetic calculation being submitted to the Holder, then the Company shall, within five (5) Business Days submit via facsimile, the disputed arithmetic calculation of the Exercise Price to the Company's independent, outside accountant or any other matter referred to above that is not expressly designated to the independent investment bank or the independent outside accountant pursuant to an expert attorney from a nationally recognized outside law firm (having at least 50 attorneys and having with no prior relationship with the Company) selected by the Company and approved by the Holder. The Company, at the Company's expense, shall cause the investment bank or the accountant, law firm, or other expert, as the case may be, to perform the determinations or calculations and notify the Company and the Holder of the results no later than five (5) Business Days from the time it receives the disputed determinations or calculations. Such investment bank's or accountant's determination or calculation, as the case may be, shall be binding upon all parties absent demonstrable error (collectively, the "**Dispute Resolution Procedures**").

13. Benefits of this Warrant. Nothing in this Warrant shall be construed to confer upon any person other than the Company and Holder any legal or equitable right, remedy or claim under this Warrant and this Warrant shall be for the sole and exclusive benefit of the Company and Holder.

14. Governing Law. All questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Texas, without regard to the principles of conflicts of law thereof. Each party agrees that all legal proceedings concerning the interpretations, enforcement and defense of the transactions contemplated by this Agreement (whether brought against a party hereto or its respective affiliates, directors, officers, shareholders, employees or agents) shall be commenced exclusively in the state and federal courts sitting in the City of Houston, Texas. Each party hereby irrevocably submits to the exclusive jurisdiction of the state and federal courts sitting in the City of Houston, Texas for the adjudication of any dispute hereunder or in connection herewith or with any transaction contemplated hereby or discussed herein (including with respect to the enforcement of any of the Transaction Documents), and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is improper or is an inconvenient venue for such proceeding. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof via registered or certified mail or overnight delivery (with evidence of delivery) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any other manner permitted by law. The parties hereby waive all rights to a trial by jury. If either party shall commence an action or proceeding to enforce any provisions of this Agreement, then the prevailing party in such action or proceeding shall be reimbursed by the other party for its reasonable attorneys' fees and other costs and expenses incurred with the investigation, preparation and prosecution of such action or proceeding.

15. Loss of Warrant. Upon receipt by the Company of evidence of the loss, theft, destruction or mutilation of this Warrant, and (in the case of loss, theft or destruction) of indemnity or security reasonably satisfactory to the Company, and upon surrender and cancellation of this Warrant, if mutilated, the Company shall execute and deliver a new Warrant of like tenor and date within ten (10) Business Days.

16. Notice or Demands. Notices or demands pursuant to this Warrant to be given or made by Holder to or on the Company shall be sufficiently given or made if sent by certified or registered mail, return receipt requested, postage prepaid, and addressed, until another address is designated in writing by the Company, to the address set forth in Section 2(a) above. Notices or demands pursuant to this Warrant to be given or made by the Company to or on Holder shall be sufficiently given or made if sent by certified or registered mail, return receipt requested, postage prepaid, and addressed, to the address of Holder set forth in the Company's records, until another address is designated in writing by Holder.

17. Amendment. This Warrant may be modified or amended or the provisions hereof waived with the written consent of the Company and the Holder.

18. Capacity. Each signatory below confirms and acknowledges that they have received valid authorization and that each respective party has authorized such signatory to sign this Warrant on such party's behalf.

19. Effect of Facsimile and Photocopied Signatures. This Warrant may be executed in several counterparts, each of which is an original. It shall not be necessary in making proof of this Warrant or any counterpart hereof to produce or account for any of the other counterparts. A copy of this Warrant signed by one party and faxed to another party shall be deemed to have been executed and delivered by the signing party as though an original. A photocopy of this Warrant shall be effective as an original for all purposes.

[Remainder of page left intentionally blank. Signature page follows.]

IN WITNESS WHEREOF, the undersigned has executed this Warrant as of the 4th day of April 2013.

Lucas Energy, Inc.

By: _____

Its:_____

Printed Name:_____

Date:_____

EXHIBIT A

NOTICE OF EXERCISE FORM FOR WARRANT

TO: **LUCAS ENERGY, INC.**

The undersigned hereby irrevocably Exercises the right to purchase _____ of the shares of Common Stock (the **"Common Stock"**) of **LUCAS ENERGY, INC.**, a Nevada company (the **"Company"**), evidenced by the attached Common Stock Purchase Warrant (#__, the **"Warrant"**), and herewith makes payment of the applicable Exercise Price with respect to such shares in full, all in accordance with the conditions and provisions of said Warrant.

1. The undersigned agrees not to offer, sell, transfer or otherwise dispose of any of the Common Stock obtained on Exercise of the Warrant, except in accordance with the applicable provisions of the Warrant.

2. The undersigned requests that stock certificates for such shares be issued free of any restrictive legend, if appropriate, and a warrant representing any unexercised portion hereof be issued, pursuant to the Warrant in the name of the undersigned and delivered to the undersigned at the address set forth below:

Dated:_____

_____
Signature

_____
Print Name

_____
IF Entity, Entity Name

_____
Signatory's Position With Entity

_____
Address

_____
NOTICE

The signature to the foregoing Notice of Exercise Form must correspond to the name as written upon the face of the attached Warrant in every particular, without alteration or enlargement or any change whatsoever.

_____

EXHIBIT 10.1

EMPLOYMENT AGREEMENT

This Employment Agreement (this "**Agreement**") is entered into this 4th day of April 2013, to be effective as of the 1st day of April 2013 by and between Lucas Energy, Inc. (the "**Company**"), and William Dale ("**Executive**").

WITNESSETH:

WHEREAS, the Executive desires to serve as the Chief Financial Officer, Treasurer and Secretary of the Company; and

WHEREAS, the Company wishes to assure itself of the services of Executive as the Chief Financial Officer, Treasurer and Secretary of the Company for the period provided in this Agreement, and Executive is willing to perform services for the Company for such period, upon the terms and conditions hereinafter provided.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, the parties hereto hereby agree as follows:

1. Term.

The term of employment under this Agreement shall commence and this Agreement shall be effective as of April 1, 2013 (the " **Effective Date**"), and shall terminate on March 31, 2015, unless sooner terminated in accordance with the terms hereof (the "**Term**"). In addition, this initial employment period shall automatically renew for additional one year periods, unless the Company or Executive gives written notice to the other of non-renewal of this Employment Agreement within a 30 day period immediately prior to the end of the then-current employment period ending March 31st. Should the Company notice the Executive of non-renewal, the Executive shall be entitled to the benefits as outlined herein in Section 5(c).

2. Employment; Duties.

During the Term, Executive shall be employed by Company, and the Executive shall serve, as the Company's Chief Financial Officer, Treasurer and Secretary and shall have such duties, responsibilities and authority as shall be consistent with that position. Executive shall use his best efforts to cause the Company to remain in compliance with all rules and regulations of the Securities and Exchange Commission ("**SEC**"), and reporting requirements for publicly-traded companies, including, without limitation, assist in the filing with the SEC of all periodic reports the Company is required to file under the Exchange Act of 1934 (as amended, the "**Exchange Act** "). Executive shall at all times comply, and endeavor to cause the Company to comply, with the then-current good corporate governance standards and practices as prescribed by the SEC, any exchange on which the Company's capital stock or other securities may be traded and any other applicable governmental entity, agency or organization.

3. Compensation; Benefits.

(a) Base Salary. During the Term, Executive shall receive an annual salary ("**Base Salary**") comprised of $220,000 to be paid as follows: $200,000 in cash and $20,000 in stock (the "**Stock Payment**"). The cash portion of the Base Salary shall be payable in equal semi-monthly installments. The Stock Payment for the first year of the Term of this Agreement shall be payable in full upon execution of this Agreement and shall be payable for each additional year of the Term (or extended term) on April 1st of such year, each based on the closing stock price on the respective issuance date.

(b) Annual Bonus. Executive will be eligible for an annual bonus of up to 30% of the Base Salary in cash and stock with a minimum of the awarded bonus being in cash, and the remainder in cash and/or stock as determined by the Company's Board of Directors. The Executive and the Board of Directors (the "**Board**") will by mutual agreement determine the goals by which the annual bonus is to be determined. At least annually, and no later than the 1st day of April of each year, the Board shall review the Base Salary, bonus, and other compensation of Executive based upon performance and other factors deemed appropriate by the Compensation Committee and make such increases, supplemental bonus payments, or other incentive awards as it deems necessary and reasonable.

(c) Options. Effective on the Effective Date, the Executive shall receive five year options to purchase 125,000 shares of the Company's common stock with an exercise price equal to the greater of (a) $1.33 per share, the closing price of the Company's common stock on March 28, 2013; and (b) the closing price of the Company's common stock on the date this Agreement is entered into between the parties. A total of 75,000 of the options shall vest to the Executive on the one year anniversary of the Effective Date and the remaining 50,000 options shall vest to the Executive on the two year anniversary of the Effective Date, in each case assuming the Executive is still employed by the Company, shall have such other terms and conditions as the Company's standard executive option grants and shall be governed by the Company's 2012 Stock Incentive Plan. Executive shall also retain the prior 75,000 options he was granted on February 11, 2013 for consulting services, which options have a five year term and an exercise price of $1.58 per share, and shall vest to Executive immediately upon the parties' execution of this Agreement and shall be governed by the Company's 2012 Stock Incentive Plan.

(d) Paid Time Off. Executive will be entitled to four (4) weeks annually of paid time off ("**PTO**") during the Term, not including statutory holidays. Unused PTO days shall not roll-over into any extension of the Term. Other than the use of PTO days for illness or personal emergencies, PTO days must be pre-approved by the Company.

(e) Reimbursement for Expenses. So long as this Agreement is in effect, the Company shall reimburse Executive for all reasonable, out-of-pocket business expenses incurred in the performance of his duties hereunder consistent with the Company's policies and procedures, in effect from time to time, with respect to travel, entertainment, communications, technology/equipment and other business expenses customarily reimbursed to senior Executives of the Company in connection with the performance of their duties on behalf of the Company.

(f) Other Benefits. In addition to the Base Salary, bonus and other compensation described in this Section 3, Executive shall be entitled to receive any fringe benefits (whether subsidized in part, or paid for in full by Company) including, but not limited to, medical, dental, life and disability insurance, and 401(k) Savings and Retirement Plan which Company now, or in the future, pays or subsidizes for any of its professional/technical or management employees, or employees in the same class as Executive.

4. Termination.

(a) Death. The Term and Executive's employment hereunder shall terminate upon Executive's death.

(b) Disability. In the event Executive incurs a Disability for a continuous period exceeding forty-five (45) days, the Company may, at its election, terminate the Term and Executive's employment by giving Executive a notice of termination as provided in Section 5(e). The term "Disability" as used in this Agreement shall mean the inability of Executive to substantially perform his duties under this Agreement, as a result of a physical or mental illness or personal injury he has incurred, as determined by an independent physician selected with the approval of the Company and Executive or his personal representative.

(c) Cause. The Company may terminate this Agreement and the Term and discharge Executive for Cause by giving Executive a notice of termination as provided in Section 4(e). "Cause" shall mean:

(i) Executive's gross and willful misappropriation or theft of the Company's or any of its subsidiary's funds or property;

(ii) Executive's conviction of, or plea of guilty or nolo contendere to, any felony or crime involving dishonesty or moral turpitude; or

(iii) Executive's complete and total abandonment of his duties hereunder for a period of thirty consecutive days (other than for reason of Disability).

(d) Good Reason. Executive may terminate his employment and the Term at any time for Good Reason by giving written notice as provided in Section 5(e), which shall set forth in reasonable detail the facts and circumstances constituting Good Reason. "**Good Reason**" shall mean the occurrence of any of the following during the Term:

(i) without the consent of Executive, the Company materially reduces Executive's title, duties or responsibilities under Section 2 without the same being corrected within thirty (30) days after being given written notice thereof;

(ii) the Company fails to pay any regular semi-monthly installment of Base Salary to Executive and such failure to pay continues for a period of more than 30 days;

(iii) the Company breaches Section 9 without the same being corrected within thirty (30) days after being given written notice thereof; or

(iv) the refusal to assume this Agreement by any successor or assign of the Company as provided in Section 10.

(e) Notice of Termination. Any termination of this Agreement by the Company (other than for Cause under Section 5(c)) or by Executive shall be communicated in writing to the other party at least thirty (30) days before the date on which such termination is proposed to take effect. Any termination of this Agreement by the Company for Cause under Section 5(c) shall be communicated in writing to the Executive and such termination shall be effective immediately upon such notice. With respect to any termination of this Agreement by the Company for Cause or by the Executive for Good Reason, such notice shall set forth in detail the facts and circumstances alleged to provide a basis for such termination.

(f) Return of Property. Upon termination of Executive’s employment hereunder, or on demand by the Company during the Term of this Agreement, Executive will immediately deliver to the Company, and will not keep in his possession, recreate or deliver to anyone else, any and all Company property, as well as all devices and equipment belonging to the Company (including computers, handheld electronic devices, telephone equipment, and other electronic devices), Company credit cards, records, data, notes, notebooks, reports, files, proposals, lists, correspondence, specifications, drawings blueprints, sketches, materials, photographs, charts, all documents and property, and reproductions of any of the aforementioned items that were developed by Executive pursuant to his employment with the Company, obtained by Executive in connection with his employment with the Company, or otherwise belonging to the Company, its successors or assigns, including, without limitation, those records maintained pursuant to this Agreement.

5. Payments Upon Termination.

(a) Death or Disability. If Executive's employment shall be terminated by reason of death or Disability, the Company shall pay Executive's estate or Executive the portion of the Base Salary which would have been payable to Executive through the date his employment is terminated; plus, any other amounts earned, accrued or owing as of the date of death or Disability of Executive but not yet paid to Executive under Section 3. In the event of the death or Disability of the Executive, then any payment due under this Section 5(a) shall be made to Executive's estate, heirs, executors, administrators, or personal or legal representatives, as the case may be.

(b) Cause and Voluntary Termination. If Executive's employment shall be terminated for Cause or the Executive terminates his employment (other than for Good Reason, death or Disability), then without waiving any rights or remedies by reason thereof:

(i) the Company shall pay Executive his Base Salary and all amounts actually earned, accrued or owing as of the date of termination but not yet paid to Executive under Section 3 through the date of termination; and

(ii) except as otherwise provided in this subsection (b), the Company shall have no further obligations to Executive under this Agreement.

(c) Other Than Cause. If Executive's employment is terminated by the Company (other than as a result of death, Disability or Cause as specified in Section 5(a) or (b) above) or is terminated by Executive for Good Reason, Executive shall be entitled to the following:

(i) a lump sum payment in an amount equal to product of (A) the Base Salary under this Agreement and bonus paid to Executive during the immediately preceding twelve month period ending on the date of termination of employment, multiplied by (B) one hundred percent (100%); provided that if Executive's termination of employment by the Company or the Executive is within 6 months before or 24 months following the occurrence of a Change of Control (as defined in Section 6 below), such payment shall be equal to product of (A) the Base Salary under this Agreement and the maximum Bonus under this Agreement, multiplied by (B) the Change of Control Percentage; and all stock options shall immediately vest and become cashless. The "**Change of Control Percentage**" shall be (a) 100% in the event that the Company's common stock does not trade on the NYSE MKT (or any subsequent exchange or market) (the "**Market**") at least one time at a price of at least $1.50 per share (as adjusted for stock splits) on the effective date of the Change of Control (the "**Change of Control Date**"); (b) 200% in the event the Company's common stock trades on the Market at least one time at a price of at least $2.50 per share (as adjusted for stock splits) on the Change of Control Date; and (c) in the event the Company's common stock trades on the Market at a price per share of between $1.50 and $2.50 per share (as adjusted for stock splits)(i.e., trades above $1.50 but under $2.50 per share) on the Change of Control Date, shall equal the the highest price at which the common stock has traded on such Change of Control Date minus $0.50 (as adjusted for stock splits)(for example, if the highest price at which the Company's common trades is $1.80, the Change of Control Percentage shall be $1.80-$0.50 = 1.30 or 130%).

(ii) all amounts earned, accrued or owing through the date his employment is terminated but not yet paid to Executive under Section 3;

(iii) continued participation in all employee benefit plans, programs or arrangements available to the Company executives in which Executive was participating on the date of termination (or at the option of the Company, reimbursement of COBRA insurance premiums for substantially similar coverage as the Company's plans) until the earliest of:

(A) eighteen months after the date of Executive's termination of employment;

(B) the date this Agreement would have expired but for the occurrence of the date of termination; or

(C) the date, or dates, the Executive receives coverage and benefits under the plans, programs and arrangements of a subsequent employer (such coverages and benefits to be determined on a coverage-by-coverage, or benefit-by-benefit, basis); provided that if Executive is precluded from continuing his participation in any employee benefit plan, program or arrangement as provided in this clause (iii), the Company shall provide him with similar benefits provided under the plan, program or arrangement in which he is unable to participate for the period specified in this clause (iii).

The payment of the lump sum amount under Section 5(c)(i) shall be made on or before the earlier of the date ending on the expiration of three months following the date of termination of Executive's employment or the death of the Executive (if applicable). To the extent any payment under Section 5(c)(i) is deferred compensation within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder, then such payment shall be made on or before the earlier of the date ending on the expiration of six months following the date of termination of Executive's employment or the death of the Executive. All options and restricted stock that are not vested and exercisable pursuant to this Agreement or otherwise as of the date of, or as a result of, Executive's termination of employment shall be forfeited. Any vested options held by Executive on the date of Executive's termination of employment shall be governed by the Company's 2012 Stock Incentive Plan as it relates to incentive stock options. In the event of the death or Disability of the Executive, then any payment due under this Section 5(c) shall be made to Executive's estate, heirs, executors, administrators, or personal or legal representatives, as the case may be.

(d) Required Release. In order to be eligible to receive the payments set forth in Section 5(c)(i) and the benefits set forth in Section 5(c)(iii), the Executive agrees that he will be required to execute and deliver to the Company a written release in form and substance reasonably satisfactory to the Company, of any and all claims against the Company and all directors and officers of the Company with respect to all matters arising out of Executive's employment hereunder, or the termination thereof (other than claims for entitlements under the terms of this Agreement or plans or programs of the Company in which Executive has accrued a benefit); and (B) Executive must not breach any of his covenants and agreements which continue following the date of termination of this Agreement.

6. Change of Control. For purposes of this Agreement, a "**Change of Control**" shall mean the consummation or occurrence of one or more of the following:

(a) the acquisition by any individual, entity or group of more than forty percent (40%) of the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the "**Outstanding Company Voting Securities**"); provided, however, that the following acquisitions shall not constitute a Change of Control: (A) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, (B) any acquisition by Executive, by any group of persons consisting of relatives within the second degree of consanguinity or affinity of Executive or by any affiliate of Executive or (C) any acquisition by an entity pursuant to a reorganization, merger or consolidation, unless such reorganization, merger or consolidation constitutes a Change of Control under clause (b) of this Section 6;

(b) the consummation of a reorganization, merger or consolidation, unless following such reorganization, merger or consolidation sixty percent (60%) or more of the combined voting power of the then-outstanding voting securities of the entity resulting from such reorganization, merger or consolidation entitled to vote generally in the election of directors is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Voting Securities immediately prior to such reorganization, merger or consolidation;

(c) the (i) approval by the stockholders of the Company of a complete liquidation or dissolution of the Company or (ii) sale or other disposition (in one transaction or a series of related transactions) of all or substantially all of the assets of the Company, unless the successor entity existing immediately after such sale or disposition is then beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Voting Securities immediately prior to such sale or disposition; or

(d) the Board adopts a resolution to the effect that, for purposes hereof, a Change of Control has occurred.

7. Indemnification.

(a) The Company shall indemnify and hold Executive harmless to the maximum extent permitted by law against judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees incurred by Executive, in connection with the defense of, or as a result of, any action or proceeding (or any appeal from any action or proceeding) in which Executive is made or is threatened to be made a party by reason of the fact that Executive is or was an officer or Director of the Company, regardless of whether such action or proceeding is one brought by or in the right of the Company, to procure a judgment in its favor (or other than by or in the right of the Company).

(b) Notwithstanding anything in the Company's Articles of Incorporation, the by-laws or this Agreement to the contrary, if so requested by Executive, the Company shall advance any and all Expenses (as defined below) to Executive ("**Expense Advance**"), within fifteen days following the date of such request and the receipt of a written undertaking by or on behalf of Executive to repay such Expense Advance if a judgment or other final adjudication adverse to Executive (as to which all rights of appeal therefrom have been exhausted or lapsed) establishes that Executive, with respect to such Claim, is not eligible for indemnification. "**Expenses**" shall include attorneys' fees and all other costs, charges and expenses paid or incurred in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to defend, be a witness in or participate in any Claim relating to any indemnifiable event. A "**Claim**" shall include any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative or other, including without limitation, an action by or in the right of any other corporation of any type or kind, domestic or foreign, or any partnership, joint venture, trust, employee benefit plan or other enterprise, whether predicated on foreign, federal, state or local law and whether formal or informal.

8. Confidential Information.

(a) Executive acknowledges that the law provides the Company with protection for its trade secrets and confidential information. Executive will not disclose, directly or indirectly, any of the Company's confidential business information or confidential technical information to anyone without authorization from the Company's management. Executive will not use any of the Company's confidential business information or confidential technical information in any way, either during or after his employment with the Company, except as required in the course of the employment.

(b) Executive will strictly adhere to any obligations that may be owed to former employers insofar as Executive's use or disclosure of their confidential information is concerned.

(c) Information will not be deemed part of the confidential information restricted by this Section 8 if Executive can show that: (i) the information was in Executive's possession or within Executive's knowledge before the Company disclosed it to Executive; (ii) the information was or became generally known to those who could take economic advantage of it through no action of Executive; (iii) Executive obtained the information from a party having the right to disclose it to Executive without violation of any obligation to the Company, or (iv) Executive is required to disclose the information pursuant to legal process (e.g., a subpoena), provided that Executive notifies the Company immediately upon receiving or becoming aware of the legal process in question.

(d) All originals and all copies of any drawings, blueprints, manuals, reports, computer programs or data, notebooks, notes, photographs, and all other recorded, written, or printed matter relating to research, manufacturing operations, or business of the Company made or received by Executive during his employment are the property of the Company. Upon termination of his employment, Executive will immediately deliver to the Company all property of the Company which may still be in Executive's possession. Executive will not remove or assist in removing such property from the Company's premises under any circumstances, either during his employment or after termination thereof, except as authorized by the Company's management.

9. Binding Agreement; Successors and Assigns.

This Agreement shall be binding upon and inure to the benefit of Executive and the Company and their respective heirs, legal representatives and permitted successors and assigns. If the Company shall at any time be merged or consolidated into or with any other entity, the provisions of this Agreement shall survive any such transaction and shall be binding on and inure to the benefit and responsibility of the entity resulting from such merger or consolidation (and this provision shall apply in the event of any subsequent merger or consolidation), and the Company, upon the occasion of the above-described transaction, shall include in the appropriate agreements the obligation that the payments herein agreed to be paid to or for the benefit of Executive, his beneficiaries or estate, shall be paid.

10. Dispute Resolution.

Any controversy or claim arising with regard to this Agreement shall be settled by expedited arbitration in accordance with the provisions of the Texas Arbitration Act. The controversy or claim shall be submitted to an arbitrator appointed by the presiding judge of the Harris County, Texas Judicial District Court. The decision of the arbitrator shall be final and binding upon the parties hereto and shall be delivered in writing signed by the arbitrator to each of the parties hereto. Any appeal arising out of the ruling of any arbitrator shall be determined in a court of competent jurisdiction in Houston, Texas, or the federal court for Houston, Texas, and each party waives any claim to have the matter heard in any other local, state, or federal jurisdiction. The prevailing party in the arbitration proceeding or in any appeal shall be entitled to recover attorney's fees, court costs and all related costs from the non-prevailing party. If the controversy or claim arises with regard to any severance or separation payment required under Section 6 of this Agreement and the arbitrator rules in favor of Executive with respect thereto, then:

(a) any award or sums due and owing to Executive under the terms of this Agreement shall be increased by an amount equal to the product of one month of Executive's Base Salary in effect immediately prior to the termination of this Agreement, multiplied by (i) if such award or sums is payable under Section 5(c), then the number of thirty (30) day periods or part thereof that has elapsed after the date ending six months after the date of Executive's termination or separation or (ii) otherwise, the number of thirty (30) day periods or part thereof that has elapsed after the date of Executive's termination;

(b) if the Company fails to comply with any such ruling of the arbitrator, or if the Company unsuccessfully appeals any such ruling of the arbitrator, then any award or sums due and owing to Executive under the terms of this Agreement shall be increased by an amount equal to the product of one month of Executive's Base Salary in effect immediately prior to the termination of this Agreement, multiplied by the number of thirty (30) day periods or part thereof that has elapsed after the date of the arbitrator's initial decision or determination; and

(c) If the arbitrator in such initial arbitration proceeding, or any court in any appeal thereof determine that Company acted in bad faith, or frivolously, in claiming "**Cause**" as its reason for termination of this Agreement, or in failing to offer to the Executive the severance or separation payment pursuant to Section 6 of this Agreement, then the Executive shall be entitled to receive and Company shall be ordered to pay to Executive as a penalty an amount equal to $100,000.00 in addition to the payments required under Section 6 of this Agreement and any other amounts due under this Agreement.

11. Survivorship.

The respective rights and obligations of the parties hereunder shall survive any termination of this Agreement to the extent necessary to the intended preservation of such rights and obligations and to the extent that any performance is required following termination of this Agreement. Without limiting the foregoing, Section 5 and Sections 7 through 22 shall expressly survive the termination of this Agreement.

12. Nonassignability.

Neither this Agreement nor any right or interest hereunder shall be assignable by Executive, his beneficiaries, dependents or legal representatives without the Company's prior written consent; provided, however, that nothing in this Section 12 shall preclude (a) Executive from designating a beneficiary to receive any benefit payable hereunder upon his death, or (b) the executors, administrators or other legal representatives of Executive or his estate from assigning any rights hereunder to the person or persons entitled thereto.

13. Amendments to this Agreement.

Except for increases in the Base Salary and other compensation made as provided in Section 3, this Agreement may not be modified or amended except by an instrument in writing signed by the Executive and the Company. No increase in the Base Salary or other compensation made as provided in Section 3 will operate as a cancellation or termination of this Agreement.

14. Waiver.

No term or condition of this Agreement shall be deemed to have been waived, nor shall there be any estoppel against the enforcement of any provision of this Agreement, except by written instrument of the party charged with such waiver or estoppel. No such written waiver shall be deemed a continuing waiver unless specifically stated therein, and each such waiver shall operate only as to the specific term or condition waived and shall not constitute a waiver of such term or condition for the future or as to any act other than that specifically waived.

15. Severability.

If, for any reason, any provision of this Agreement is held invalid, illegal or unenforceable such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement not held so invalid, illegal or unenforceable, and each such other provision shall, to the full extent consistent with law, continue in full force and effect. In addition, if any provision of this Agreement shall be held invalid, illegal or unenforceable in part, such invalidity, illegality or unenforceability shall in no way affect the rest of such provision not held so invalid, illegal or unenforceable and the rest of such provision, together with all other provisions of this Agreement, shall, to the full extent consistent with law, continue in full force and effect. If any provision or part thereof shall be held invalid, illegal or unenforceable, to the fullest extent permitted by law, a provision or part thereof shall be substituted therefor that is valid, legal and enforceable.

16. Notices.

Any notice, request, or other communication required or permitted pursuant to this Agreement shall be in writing and shall be deemed duly given when received by the party to whom it shall be given or three days after being mailed by certified, registered, or express mail, postage prepaid, addressed as follows:

If to Company:

Attn: Anthony C. Schnur, Chief Executive Officer
3550 Timmons Lane, Ste. 1550,
Houston, Texas 77027

If to Executive:

Mr. William Dale
_____
_____

or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notices of change of address shall be effective only upon receipt.

17. Headings.

The headings of Sections are included solely for convenience of reference and shall not control the meaning or interpretation of any of the provisions of this Agreement.

18. Governing Law.

This Agreement has been executed and delivered in the State of Texas, and its validity, interpretation, performance and enforcement shall be governed by the laws of Texas, without giving effect to any principles of conflicts of law.

19. Withholding.

All amounts paid pursuant to this Agreement shall be subject to withholding for taxes (federal, state, local or otherwise) to the extent required by applicable law.

20. Counterparts.

This Agreement may be executed in counterparts, each of which, when taken together, shall constitute one original Agreement.

21. Legal Counsel.

Executive acknowledges and warrants that (A) he has been advised that Executive's interests may be different from the Company's interests, (B) he has been afforded a reasonable opportunity to review this Agreement, to understand its terms and to discuss it with an attorney and/or financial advisor of his choice and (C) he knowingly and voluntarily entered into this Agreement. The Company and Executive shall each bear their own costs and expenses in connection with the negotiation and execution of this Agreement.

22. Entire Agreement.

This Agreement contains the entire understanding between the parties hereto and supersedes any prior employment agreement between the Company and Executive, except that this Agreement shall not affect or operate to reduce any benefit or compensation inuring to Executive of a kind elsewhere provided and not expressly provided for in this Agreement.

IN WITNESS WHEREOF, Company has caused its duly authorized officer and directors to execute and attest to this Agreement, and Executive has placed his signature hereon, effective as of the Effective Date.

COMPANY:

By: */s/Anthony C. Schnur*
Anthony C. Schnur
Chief Executive Officer

EXECUTIVE:

By: */s/William Dale*
William Dale

EXHIBIT 10.2

LOAN AGREEMENT

dated as of April 4, 2013

by and among

the Lenders,

and

Lucas Energy, Inc.

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LOAN AGREEMENT

This **LOAN AGREEMENT**, dated April 4, 2013, is made by and among Lucas Energy, Inc., a Nevada corporation ("**Borrower**") and the Lender(s) who are signatories to this Agreement and are listed on Schedule 1 hereto ("**Lenders**", provided that in the event there is only one Lender, references in this Agreement to Lenders shall refer to such single Lender), in respect of loans in the aggregate principal amount of TWO MILLION SEVEN HUNDRED AND FIFTY THOUSAND DOLLARS ($2,750,000).

RECITALS

A. Borrower, a Nevada corporation, is an independent oil and gas company;

B. Borrower requires funding for general working capital and to fund development operations; and

C. The Lenders have agreed to furnish to the Borrower Two Million Seven Hundred And Fifty Thousand Dollars ($2,750,000), which will be used for general working capital and to fund development operations.

THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, LENDERS AND BORROWER agree as follows:

ARTICLE 1

DEFINITIONS AND USE OF TERMS

Section 1.1 Terms Defined Above. As used in this Agreement, the terms "**Lenders**" and "**Borrower**" shall have the meanings respectively indicated in the opening recital hereof.

Section 1.2 Certain Definitions. As used in this Agreement, the following terms shall have the following meanings, unless the context otherwise requires.

"**1934 Act**" has the meaning set forth in Section 3.12.

"**Act**" has the meaning set forth in Section 5.1.

"**Agreement**" means this Loan Agreement, as from time to time amended or supplemented.

"**Business Day**" means a day other than a Saturday, Sunday or other day on which national banks in Houston, Texas, are authorized or required to be closed.

"**Closing Date**" means the date upon which the Loans are made.

"**Collateral**" has the meaning set forth in Section 7.1.

"**Debtor Relief Laws**" means any applicable liquidation, conservatorship, bankruptcy, moratorium, rearrangement, insolvency, reorganization, or similar laws, domestic or foreign, including but not limited to those in Title 11 of the United States Code, affecting the rights or remedies of creditors generally, as in effect from time to time.

"**Default Rate**" means the interest rate which accrues upon an Event of Default as provided in the Notes.

"**ERISA**" means the Employee Retirement Income Security Act.

"**Event of Default**" has the meaning set forth in Section 6.1.

"**Execution Date**" means the date upon which all of the Loan Documents are executed.

"**Funding**" has the meaning set forth in Section 4.8.

"**Governmental Authority**" means the United States, the state, the county, the city, or any other political subdivision in which the Collateral is located, and any court or political subdivision, agency, or instrumentality having or exercising jurisdiction over Borrower or the Collateral.

"**Governmental Requirements**" means all laws, ordinances, codes, rules, regulations, orders, writs, injunctions or decrees of any Governmental Authority applicable to Borrower or the Collateral.

"**Indemnified Matters**" means any and all claims, demands, liabilities (including strict liability), losses, damages (including consequential damages), causes of action, judgments, penalties, fines, costs and expenses (including without limitation, reasonable fees and expenses of attorneys and other professional consultants and experts, and all costs and expenses (including attorneys' fees) of the investigation and defense of any claim, whether or not such claim is ultimately defeated, and the settlement of any claim or judgment including all value paid or given in settlement) of every kind, known or unknown, foreseeable or unforeseeable, which may be imposed upon, asserted against or incurred or paid by any of the Lenders or any other Indemnified Party at any time and from time to time, whenever imposed, asserted or incurred, because of, resulting from, in connection with, or arising out of any transaction, act, omission, event or circumstance in any way connected with (i) the Loans, (ii) the Collateral, or (iii) this Agreement or any other Loan Document, including, without limitation, (1) disbursement of the proceeds of the Loans, (2) the condition of the Collateral, (3) any act performed or omitted to be performed hereunder or under any other Loan Document, (4) any failure by Borrower to perform its obligations under any contracts related to the Collateral, and (5) any Event of Default or event which with the lapse of time, the providing of notice or both would constitute an Event of Default.

"**Indebtedness**" means all loans, advances, debts, liabilities and obligations, howsoever arising, owed by Borrower to any of the Lenders of every kind and description (whether or not evidenced by any note or instrument and whether or not for the payment of money), now existing or hereafter arising under or pursuant to the terms of the Loan Documents, including all interest, fees, charges, expenses, attorneys' fees and costs and accountants' fees and costs chargeable to and payable by Borrower pursuant to the Loan Documents, in each case, whether direct or indirect, absolute or contingent, due or to become due, and whether or not arising after the commencement of a proceeding under Title 11 of the United States Code (11 U. S. C. Section 101 *et seq.*), as amended from time to time (including post-petition interest) and whether or not allowed or allowable as a claim in any such proceeding.

"**Indemnified Party**" has the meaning set forth in Section 4.4.

"**Loans**" means the loan by Lenders to Borrower.

"**Loan Documents**" means this Agreement, the Notes, and the Warrants, and such other documents evidencing, securing or pertaining to the Loans as shall, from time to time, be executed and delivered to the Lenders by Borrower, or any other party pursuant to this Agreement.

"**Notes**" means the Promissory Notes, dated the Closing Date, made by Borrower payable to the order of each of the Lenders in the respective principal amount of and evidencing such Lender's Loan, as set forth opposite such Lender's name on Schedule 1 hereto, and all renewals, amendments and replacements thereof.

"**Obligations**" has the meaning set forth in Section 7.1.

"**Pro Rata Share**" means the percentage obtained by dividing (i) the outstanding principal amount of a Note by (ii) the principal amount of all outstanding Notes.

"**Required Lenders**" means, at any time, Lenders whose Pro Rata Shares aggregate 50.1%.

"**Required Listing Date**" has the meaning set forth in Section 2.3.

"**SEC Documents**" has the meaning set forth in Section 3.12.

"**Secured Party**" has the meaning set forth in Section 7.2.

"**Securities**" has the meaning set forth in Section 5.1.

"**Security Interest**" has the meaning set forth in Section 7.1.

"**UCC**" has the meaning set forth in Section 7.2.

"**Warrants**" has the meaning set forth in Section 2.3.

"**Warrant Shares**" has the meaning set forth in Section 2.3.

ARTICLE 2

THE LOAN

Section 2.1 Commitment to Lend. Subject to and upon the terms, covenants and conditions of this Agreement, each Lender severally will make its Loan to Borrower in accordance with this Agreement, and such Loans will total $2,750,000 in the aggregate. Each Lender's commitment to make such Loan may be terminated by such Lender by notice to Borrower if all conditions to the Loan Agreement have not been satisfied. Each Loan is not revolving; an amount repaid may not be re-borrowed. Each Loan is and shall be evidenced by the applicable Note. Each Note may be prepaid in whole or in part without penalty.

Section 2.2 Interest on the Loan. Interest on the Loans, at the rates specified in the Notes, shall be computed on the unpaid principal balance which exists from time to time and due and payable as set forth in the Note.

Section 2.3 Warrants. The Borrower shall grant each of the Lenders their Pro Rata Share of Common Stock Warrants to purchase an aggregate of 275,000 shares of the Borrower's common stock in the form of Exhibit B, attached hereto (the "**Warrants**"). The Warrants shall have: an exercise price equal to the greater of (a) $1.50 per share; and (b) $0.01 above the closing sales price of the Borrower's common stock on the date this Agreement is agreed to by the parties; a term of five years; and such other terms as are set forth in the Warrants. The grant of the Warrants and issuance of the shares of common stock issuable upon exercise thereof (the "**Warrant Shares**") shall be conditioned for all purposes upon the listing of such Warrant Shares on the NYSE MKT by the Borrower, which listing the Borrower agrees to undertake promptly upon or prior to the Closing Date and to be completed within two (2) weeks of the Closing Date (the "**Required Listing Date**").

Section 2.4 Commitment Fee. The Borrower shall pay the Lenders their Pro Rata Share of a $55,000 commitment fee for agreeing to enter into this Agreement and provide the Loans which fee shall be automatically deducted from the Loan proceeds when released to Borrower.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF BORROWER

To induce the Lenders to make the Loan, Borrower hereby represents and warrants to the Lenders (which representations and warranties will survive the execution and delivery of the Note and shall continue until the Indebtedness has been paid in full) that:

Section 3.1 Authorization; Enforcement. (i) The Borrower has all requisite corporate power and authority to enter into and perform this Agreement, the Notes and Warrants and to consummate the transactions contemplated hereby and thereby and to issue the Securities, in accordance with the terms hereof and thereof, (ii) the execution and delivery of this Agreement, the Notes, and the Warrants by the Borrower and the consummation by it of the transactions contemplated hereby and thereby have been duly authorized by the Borrower's Board of Directors and no further consent or authorization of the Borrower, its Board of Directors, or its shareholders is required, (iii) this Agreement has been duly executed and delivered by the Borrower by its authorized representative, and such authorized representative is the true and official representative with authority to sign this Agreement and the other documents executed in connection herewith and bind the Borrower accordingly, and (iv) this Agreement constitutes, and upon execution and delivery by the Borrower of the Notes and Warrants, each of such instruments will constitute, a legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms.

Section 3.2 Suits, Actions, Etc. There are no actions, suits, investigations or proceedings pending, or, to the knowledge of Borrower, threatened in any court or before or by any Governmental Authority against or affecting Borrower or the Collateral, or involving the validity, enforceability, or priority of the Loan Documents, at law or in equity, except as otherwise set forth in the SEC Documents. The consummation of the transactions contemplated hereby, and the performance of the terms and conditions hereof and of the other Loan Documents, will not cause Borrower to be in violation of or in default with respect to any Governmental Requirement, or result in a breach of, or constitute a default under any note, lease, contract, deed of trust, agreement or other undertaking or restriction to which Borrower is a party or by which Borrower may be bound or affected. Borrower is not in default under the terms of any order of any court or any requirement of any Governmental Authority or under the terms of any indebtedness or obligation.

Section 3.3 Status of Borrower; Valid and Binding Obligation. Borrower is (a) a Nevada corporation, duly organized, validly existing and in good standing under the laws of the state of its organization and (b) possesses all power and authority necessary to own the Collateral, to enter into and perform Borrower's obligations under the Loan Documents to operate its business and to make the borrowings contemplated hereby. All of the Loan Documents, and all other documents referred to herein to which Borrower is a party, upon execution and delivery will constitute legal, valid and binding obligations of Borrower enforceable against Borrower in accordance with their terms, except as the enforcement thereof may be limited by Debtor Relief Laws.

Section 3.4 Title to the Property. Borrower holds full legal and equitable title to the Collateral in fee simple absolute. The Lenders rely upon such representations made by Borrower as the Collateral being pledged as security is personal in nature and removable from the Borrower's location.

Section 3.5 Disclosure. There is no fact that Borrower has not disclosed to the Lenders in writing or in the SEC Documents that could materially adversely affect the business or financial condition of Borrower or the Collateral.

Section 3.6 Taxes. Borrower has filed all necessary tax returns and reports and has paid all taxes and governmental charges thereby shown to be owing except any such taxes or charges that are being contested in good faith by appropriate proceedings which have been disclosed to the Lenders in writing prior to the date of this Agreement and for which adequate reserves have been set aside on Borrower's books in accordance with generally accepted accounting principles.

Section 3.7 Violations. Borrower is in material compliance with all Governmental Requirements.

Section 3.8 Compliance with Restrictions and Agreements. The use of the Collateral contemplated by Borrower complies and will comply with all applicable restrictive covenants and Governmental Requirements.

Section 3.9 Not a Foreign Person. Borrower is not a "**foreign person**" within the meaning of the Internal Revenue Code of 1986, as amended ("**IRC**"), Sections 1445 and 7701 (i.e. Borrower is not a non-resident alien, foreign corporation, foreign partnership, foreign trust or foreign estate as those terms are defined in the IRC and any regulations promulgated thereunder).

Section 3.10 Inducement to Lenders. The representations and warranties contained in the Loan Documents are made by Borrower as an inducement to the Lenders to make the Loans. Borrower understands that the Lenders are relying on such representations and warranties and that such representations and warranties shall survive any proceedings under Debtor Relief Laws involving Borrower or the Collateral.

Section 3.11 Warrant Shares. The Warrant Shares are duly authorized and reserved for issuance and, upon exercise of the Warrants in accordance with its respective terms, will be validly issued, fully paid and non-assessable, and free from all taxes, liens, claims and encumbrances with respect to the issue thereof and shall not be subject to preemptive rights or other similar rights of shareholders of the Borrower and will not impose personal liability upon the holder thereof.

Section 3.12 Securities and Exchange Commission Documents. The Borrower has timely filed all reports, schedules, forms (other than Section 16 ownership forms and Schedule 13D/G's), statements and other documents required to be filed by it with the Securities and Exchange Commission pursuant to the reporting requirements of the Securities Exchange Act of 1934, as amended (the "**1934 Act**") (all of the foregoing filed prior to the date hereof and all exhibits included therein and financial statements and schedules thereto and documents (other than exhibits to such documents) incorporated by reference therein, being hereinafter referred to herein as the "**SEC Documents**"). As of their respective dates, the SEC Documents complied in all material respects with the requirements of the 1934 Act and the rules and regulations of the SEC promulgated thereunder applicable to the SEC Documents. The Borrower is subject to the reporting requirements of the 1934 Act.

Section 3.13 No Brokers. The Borrower has taken no action which would give rise to any claim by any person for brokerage commissions, transaction fees or similar payments relating to this Agreement or the transactions contemplated hereby.

ARTICLE 4

COVENANTS AND AGREEMENTS OF BORROWER

Borrower hereby covenants and agrees as follows:

Section 4.1 Notice to the Lenders. Borrower shall promptly notify the Lenders in writing of any of the following occurrences or events as the same become known to Borrower, specifying in each case the action Borrower has taken or caused to be taken, or proposes to take or cause to be taken, with respect thereto: (a) the occurrence of any default or any event which with the giving of notice or the lapse of time, or both, could become an Event of Default; (b) any default by Borrower under any Governmental Requirement or in the payment of any indebtedness (or in the performance of any obligation related thereto); (c) any adverse change in the condition, financial or otherwise, of Borrower; and (d) the occurrence of any litigation, arbitration or governmental investigation or proceeding not previously disclosed by Borrower to the Lenders which has been instituted or (to the knowledge of Borrower) is threatened against Borrower or the Collateral.

Section 4.2 Further Assurances. Borrower shall execute and deliver to the Lenders, from time to time as requested by the Lenders, such other documents, agreements, certificates, affidavits, and other instruments as shall be reasonably necessary to provide the rights and remedies to the Lenders granted or provided for by the Loan Documents.

Section 4.3 Defense of Actions. The Lenders may (but shall not be obligated to) commence, appear in, or defend any action or proceeding purporting to affect the Loans, the Collateral or the respective rights and obligations of the Lenders or Borrower pursuant to this Agreement. The Lenders may (but shall not be obligated to) pay all necessary expenses, including attorneys' fees and expenses incurred in connection with such proceedings or actions, which expenses are part of the Indebtedness, bear interest at the applicable rate set forth in the Notes, and are payable to the Lenders on demand.

Section 4.4 Indemnification. Borrower shall indemnify and hold harmless (a) the Lenders, (b) any affiliate of the Lenders, (c) any participants in the Loans, (d) the directors, officers, partners, employees and agents of the Lenders, and (e) the heirs, personal representatives, successors and assigns of each of the foregoing persons or entities (each an "**Indemnified Party**") from and against, and reimburse them on demand for, any and all Indemnified Matters. WITHOUT LIMITATION, THE FOREGOING INDEMNITIES SHALL APPLY TO EACH INDEMNIFIED PARTY WITH RESPECT TO MATTERS WHICH IN WHOLE OR IN PART ARE CAUSED BY OR ARISE OUT OF THE NEGLIGENCE OF SUCH (AND/OR ANY OTHER) INDEMNIFIED PARTY. However, such indemnities shall not apply to a particular Indemnified Party to the extent that the subject of the indemnification is caused by or arises out of the gross negligence or willful misconduct of that Indemnified Party as determined by a court of competent jurisdiction. Any amount to be paid under this Section by Borrower to an Indemnified Party shall be a demand obligation owing by Borrower (which Borrower hereby promises to pay) to Lenders, as part of the Indebtedness, even if in excess of the amount committed by the Lenders under Section 2.1, and bear interest from the date of demand at the rate set forth in the Notes. Nothing in this Section, elsewhere in this Agreement or in any other Loan Document shall limit or impair any rights or remedies of the Lenders or any other Indemnified Party (including without limitation any rights of contribution or indemnification), against Borrower or any other person under any other provision of this Agreement, any other Loan Document, any other agreement or any applicable Governmental Requirement. The liability of Borrower or any other person under this indemnity shall not be limited or impaired in any way by (i) the payment in full of the Indebtedness, any bankruptcy or other debtor relief proceeding, or any other event whatsoever, (ii) any provision in the Loan Documents or applicable law limiting Borrower's or such other person's liability or the Lenders' recourse or rights to a deficiency judgment, or (iii) any change, extension, release, inaccuracy, breach or failure to perform by any party under the Loan Documents, in each case Borrower's (and, if applicable, such other person's) liability hereunder being direct and primary and not as a guarantor.

Section 4.5 NYSE MKT Listing; Listing of Warrant Shares. The Borrower will, so long as the Lenders own any of the Securities, maintain the listing and trading of its common stock on the NYSE MKT or any equivalent replacement exchange, the Nasdaq National Market ("**Nasdaq**"), the Nasdaq SmallCap Market ("**Nasdaq SmallCap**"), or the New York Stock Exchange ("**NYSE** "). The Borrower shall secure the listing of the Warrant Shares on the NYSE MKT prior to the Required Listing Date and, so long as the Lenders own any of the Securities, shall maintain such listing.

Section 4.6 Compliance with 1934 Act. So long as the Lenders beneficially own the Securities, the Borrower shall comply with the reporting requirements of the 1934 Act; and the Borrower shall continue to be subject to the reporting requirements of the 1934 Act.

Section 4.7 Corporate Existence. So long as the Lenders beneficially own any Securities, the Borrower shall maintain its corporate existence and shall not sell all or substantially all of the Borrower's assets, except in the event of a merger or consolidation or sale of all or substantially all of the Borrower's assets, where the surviving or successor entity in such transaction (i) assumes the Borrower's obligations hereunder and under the agreements and instruments entered into in connection herewith and (ii) is a publicly traded corporation whose Common Stock is listed for trading on the Nasdaq, Nasdaq SmallCap, NYSE or NYSE MKT.

Section 4.8 Prohibition on Borrowing. For so long as the Notes are outstanding, the Borrower shall not (a) borrow any funds; or (b) sell any securities in any fund raising transaction (each a "**Funding**"), unless the Required Lenders approve such Funding in writing, or any funds raised in any such Funding are first used to repay the Notes.

Section 4.9 Proceeds From Property and Interest Sales. For so long as the Notes are outstanding, the Borrower shall not sell any oil and gas or other properties nor any interest in any properties, unless the Required Lenders approve such sale in writing, or any funds raised in any such sales are first used to repay the Notes.

Section 4.10 Use of Proceeds. The Borrower shall use the funds raised through the sale of the Notes for general working capital.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF LENDERS

To induce the Borrower to grant the Warrants, each of the Lenders, individually and not jointly or severally, hereby represents and warrants to the Borrower (which representations and warranties will survive the execution and delivery of the Note) that:

Section 5.1 Restricted Nature of Securities. Each of the Lenders recognize that the Warrants and the Warrant Shares, collectively, the "**Securities**", have not been registered under the Securities Act of 1933, as amended (the "**Act**"), nor under the securities laws of any state and, therefore, cannot be resold unless the resale of the Securities is registered under the Act or unless an exemption from registration is available. The Lender may not sell the Securities without registering them under the Act and any applicable state securities laws unless exemptions from such registration requirements are available with respect to any such sale. The Borrower is under no obligation to register such Securities under the Act or under any state "**Blue Sky**" laws prior to or subsequent to their issuance.

Section 5.2 Accredited Investor Status. Each Lender is an "**accredited investor**" as such term is defined under Rule 501 of the Act.

Section 5.3 Knowledge and Experience. Each Lender has such knowledge and experience in financial and business matters such that Lender is capable of evaluating the merits and risks of an investment in the Securities and of making an informed investment decision, and does not require a representative in evaluating the merits and risks of an investment in the Securities.

Section 5.4 Speculative Investment. Each Lender recognizes that an investment in the Borrower is a speculative venture and that the total amount of consideration tendered in connection with the Securities is placed at the risk of the business and may be completely lost. The ownership of the Securities as an investment involves special risks.

Section 5.5 Securities Have Not Been Registered. No federal or state agency has made any finding or determination as to the fairness of the Securities for investment or any recommendation or endorsement of the Securities. The Securities have not been registered under the Act or the securities laws of any State and are being offered and sold in reliance on exemptions from the registration requirements of the Act and such state laws.

Section 5.6 No View to Distribute. The Lender is acquiring the Securities for his, her or its own account for long-term investment and not with a view toward resale, fractionalization or division, or distribution thereof, and he, she or it does not presently have any reason to anticipate any change in his, her or its circumstances, financial or otherwise, or particular occasion or event which would necessitate or require his, her or its sale or distribution of the Securities. No one other than the Lender has any beneficial interest in said securities. The Lender is receiving the Securities for his, her or its account for the purpose of investment and not with a view to, or for sale in connection with, any distribution thereof.

Section 5.7 SEC Documents. The Lender is deemed to have knowledge of all information and disclosures set forth in the SEC Documents.

ARTICLE 6

DEFAULT AND REMEDIES

Section 6.1 Events of Default. Written notice from the Required Lenders of the occurrence of any one of the following shall be an Event of Default, provided that Borrower shall have a period of ten (10) Business Days to cure any default caused by the occurrence of those events described in Sections 6.1(a),(b),(c),(h),(i),(j),(k),(l),(m) and (n), in the event such default can be reasonably cured in such ten (10) Business Day period:

(a) Failure to Pay Indebtedness. Any of the Indebtedness is not paid when due, whether by acceleration or otherwise;

(b) Nonperformance of Covenants herein set forth. Any material covenant, agreement or condition herein is not fully and timely performed, observed or kept;

(c) Nonperformance of Covenants set forth in any other Loan Document. Any material covenant, agreement or condition in any other Loan Document is not fully and timely performed, observed or kept, and except with respect to covenants to pay any of the Indebtedness, such failure is not cured within the applicable grace period (if any) provided for in such other Loan Document;

(d) Representations. Any statement, representation or warranty in any of the Loan Documents, or in any financial statement or any other writing heretofore or hereafter delivered to any of the Lenders in connection with the Loans is false, fraudulent, misleading or erroneous in any material respect on the date or on the date as of which such statement, representation or warranty is made;

(e) Injunction. Any court of competent jurisdiction enjoins or prohibits Borrower or the Lenders from performing this Agreement or any of the other Loan Documents, and such injunction or order is not vacated within thirty (30) days after the granting thereof;

(f) Litigation Against Borrower. Any judgment is obtained against Borrower in excess of $500,000, which could or does substantially impact the ability of Borrower to perform any of its obligations under the Loan Documents, and such judgment is not dismissed within ninety (90) days;

(g) Bankruptcy. The Borrower or any person obligated to pay any part of the Indebtedness (or any general partner or joint venturer of such owner or other person):

(1) (i) Executes an assignment for the benefit of creditors, or takes any action in furtherance thereof; or (ii) admits in writing its inability to pay, or fails to pay, its debts generally as they become due; or (iii) as a debtor, files a petition, case, proceeding or other action pursuant to, or voluntarily seeks the benefit or benefits of any Debtor Relief Law, or takes any action in furtherance thereof; or (iv) seeks the appointment of a receiver, trustee, custodian or liquidator of the Collateral or any part thereof or of any significant portion of its other property; or

(2) Suffers the filing of a petition, case, proceeding or other action against it as a debtor under any Debtor Relief Law or seeking appointment of a receiver, trustee, custodian or liquidator of the Collateral or any part thereof or of any significant portion of its other property, and (i) admits, acquiesces in or fails to contest diligently the material allegations thereof, or (ii) the petition, case, proceeding or other action results in entry of any order for relief or order granting relief sought against it, or (iii) in a proceeding under Title 11 of the United States Code, the case is converted from one chapter to another, or (iv) fails to have the petition, case, proceeding or other action permanently dismissed or discharged on or before the earlier of trial thereon or ninety (90) days next following the date of its filing; or

(3) Conceals, removes, or permits to be concealed or removed, any part of its property, with intent to hinder, delay or defraud its creditors or any of them, or makes or suffers a transfer of any of its property which may be fraudulent under any bankruptcy, fraudulent conveyance or similar law; or makes any transfer of its property to or for the benefit of a creditor at a time when other creditors similarly situated have not been paid; or suffers or permits, while insolvent, any creditor to obtain a lien (other than as described in subparagraph (4) below) upon any of its property through legal proceedings which are not vacated and such lien discharged prior to enforcement of such lien and in any event within ninety (90) days from the date thereof; or

(4) Fails to have discharged within a period of ten (10) days any attachment, sequestration, or similar writ levied upon any of its property; or

(5) Fails to pay immediately any final money judgment against it;

(h) Default Under Other Loan Document. A default or event of default occurs under any of the Borrower's other loan agreements, loan documents or outstanding promissory notes;

(i) Failure to comply with ERISA. The Borrower is deemed not in compliance with any of the requirements of ERISA;

(j) Liquidation. The liquidation, termination, dissolution, merger, consolidation or failure to maintain good standing in the State of Nevada of the Borrower or any person obligated to pay any part of the Indebtedness;

(k) Enforceability Priority. Any Loan Document shall for any reason without Lenders' specific written consent cease to be in full force and effect, or shall be declared null and void or unenforceable in whole or in part, or the validity or enforceability thereof, in whole or in part, shall be challenged or denied by any party thereto other than the Lenders; or the liens, mortgages or security interests of the Lenders in any of the Collateral become unenforceable in whole or in part, or cease to be of the priority herein required, or the validity or enforceability thereof, in whole or in part, shall be challenged or denied by Borrower or any person obligated to pay any part of the Indebtedness;

(l) Abandonment. Borrower abandons any or all of the Collateral;

(m) [Intentionally removed]; or

(n) Other Loan Documents. A default or event of default occurs under any Loan Document, other than this Agreement, and the same is not remedied within the applicable period of grace (if any) provided in such Loan Document.

Section 6.2 Certain Remedies. Should an Event of Default occur, the Required Lenders may, at their election, do any one or more of the following on behalf of the Lenders, without notice (unless notice is required by applicable statute), all of which are authorized by Borrower:

(a) Declare the Indebtedness, or any part thereof, immediately due and payable, whereupon it shall be due and payable without notice of any kind, including but not limited to notice of intention to accelerate, all of which are waived by Borrower.

(b) Terminate its commitment to lend.

(c) Reduce any claim to judgment.

(d) Exercise any and all rights and remedies afforded by any of the Loan Documents, or by law or equity or otherwise, as the Required Lenders shall deem appropriate.

Section 6.3 Performance by Lenders on Borrower's Behalf. Borrower agrees that, if Borrower fails to perform any act or to take any action which under any Loan Document Borrower is required to perform or take, or to pay any money which under any Loan Document Borrower is required to pay, and there exists an Event of Default or potential Event of Default hereunder, any of the Lenders, in Borrower's name or its own name, may, but shall not be obligated to, perform or cause to be performed such act or take such action or pay such money, and any expenses so incurred by the Lenders and any money so paid by the Lenders, shall be a demand obligation owing by Borrower to the Lenders (which obligation Borrower hereby promises to pay), and the Lenders, upon making such payment, shall be subrogated to all of the rights of the person, entity or body politic receiving such payment. No such payment or performance by the Lenders shall waive or cure any default or waive any right, remedy or recourse of the Lenders. Any such payment may be made by the Lenders in reliance on any statement, invoice or claim without inquiry into the validity or accuracy thereof. Each amount due and owing by Borrower to the Lenders pursuant to this Section shall bear interest each day, from the date of such expenditure or payment until paid, at the same rate as is provided in the Notes for interest on past due principal owed on the Notes; and all such amounts, together with such interest thereon, shall be a part of the Indebtedness. The amount and nature of any such expense and the time when paid shall be fully established by the certificate of the Lenders or their officers or agent.

Section 6.4 Remedies Cumulative. All remedies provided for herein and in any other Loan Document are cumulative of each other and of any and all other remedies existing at law or in equity, and any of the Lenders shall, in addition to the remedies provided herein or in any other Loan Document, be entitled to avail itself of all such other remedies as may now or hereafter exist at law or in equity for the collection of the Indebtedness and the enforcement of the covenants herein and the foreclosure of the liens and security interests evidenced by the Security Interest or any other Loan Document, and then resort to any remedy provided for hereunder or under any such other Loan Document or provided for by law or in equity shall not prevent the concurrent or subsequent employment of any other appropriate remedy or remedies.

ARTICLE 7

SECURITY INTEREST

Section 7.1 Security. The (a) full and punctual payment (in lawful money of the United States and in immediately available funds), as and when due, of all Indebtedness; and (b) full and punctual performance of all other obligations of Borrower under the Loan Documents (collectively the "**Obligations**") shall be secured by a continuing and first-priority security interest in and a lien upon, an unqualified right to possession and disposition of and a right of set-off against, in each case to the fullest extent permitted by law, of all of the Borrower's right, title and interest in one hundred (100) barrels of oil per day of net production from the Borrower's owned and operated oil and gas properties, and all payments and proceeds associated therewith (the "**Collateral**" and the "**Security Interest**").

Section 7.2 Enforcement of Security Interest. Upon occurrence of any Event of Default and at any time thereafter, the Required Lenders (for the purposes of this Section, the "**Secured Party**", provided that all Lenders shall have security rights hereunder) shall have the right to exercise all of the remedies conferred hereunder, and the Secured Party shall have all the rights and remedies of a secured party under the Uniform Commercial Code, as currently in effect in the State of Texas (the "**UCC**") and/or any other applicable law (including the Uniform Commercial Code of any jurisdiction in which any Collateral is then located). Without limitation, the Secured Party shall have the following rights and powers:

(a) The Secured Party shall have the right to take possession of the Collateral or the right to receive the proceeds therefrom;

(b) The Secured Party shall have the right to assign, sell, lease or otherwise dispose of and deliver all or any part of the Collateral, at public or private sale or otherwise, either with or without special conditions or stipulations, for cash or on credit or for future delivery, in such parcel or parcels and at such time or times and at such place or places, and upon such terms and conditions as the Secured Party may deem commercially reasonable, all without (except as shall be required by applicable statute and cannot be waived) advertisement or demand upon or notice to the Borrower or right of redemption of the Borrower, which are hereby expressly waived. Upon each such sale, lease, assignment or other transfer of Collateral, the Secured Party may, unless prohibited by applicable law which cannot be waived, purchase all or any part of the Collateral being sold, free from and discharged of all trusts, claims, right of redemption and equities of the Borrower, which are hereby waived and released; and/or

(c) The Secured Party shall have the right to take any and all actions provided for under applicable law.

The proceeds of any such sale, lease or other disposition of the Collateral hereunder shall be applied first, to the expenses of retaking, holding, storing, processing and preparing for sale, selling, and the like (including, without limitation, any taxes, fees and other costs incurred in connection therewith) of the Collateral, to the reasonable attorneys' fees and expenses incurred by the Secured Party in enforcing its rights hereunder and in connection with collecting, storing and disposing of the Collateral, and then to satisfaction of the Obligations, and to the payment of any other amounts required by applicable law, after which the Secured Party shall pay to the Borrower any surplus proceeds. If, upon the sale, license or other disposition of the Collateral, the proceeds thereof are insufficient to pay all amounts to which the Secured Party is legally entitled, the Borrower will be liable for the deficiency, together with interest thereon, at the Default Rate, and the reasonable fees of any attorneys employed by the Secured Party to collect such deficiency. To the extent permitted by applicable law, the Borrower waives all claims, damages and demands against the Secured Party arising out of the repossession, removal, retention or sale of the Collateral, unless due to the gross negligence or willful misconduct of the Secured Party.

Section 7.3 Out-of-Pocket Costs. The Borrower will, upon demand, pay to the Secured Party the amount of any and all reasonable expenses, including expenses incurred in connection with any filing which may be required hereunder, including without limitation, any financing statements, continuation statements, partial releases and/or termination statements related thereto, the reasonable fees and expenses of its counsel and of any experts and agents, which the Secured Party may incur in connection with (i) the enforcement of the Notes, (ii) the custody or preservation of, or the sale of, collection from, or other realization upon, any of the Collateral, or (iii) the exercise or enforcement of any of the rights of the Secured Party under the Notes. Until so paid, any fees payable hereunder shall be added to the principal amount of the Notes and shall bear interest at the Default Rate.

Section 7.4 Attorney-In-Fact. Borrower hereby appoints Lenders as its attorney-in-fact (with full power of substitution) to execute, deliver and file, effective upon the occurrence of an Event of Default on Borrower's behalf and at Borrower's expense, (1) any financing statements, continuation statements or other documents required to perfect or continue the Security Interest and (2) any other documents and instruments that Required Lenders determine are necessary or appropriate in order to enable it to exercise its rights and remedies that are provided hereunder and by applicable law upon the occurrence of an Event of Default. This power, being coupled with an interest, shall be irrevocable until the Obligations are paid and performed in full.

Section 7.5 Ownership of Collateral. The Borrower is the sole owner of the Collateral, free and clear of any liens, security interests, encumbrances, rights or claims, and is fully authorized to grant the Security Interest in and to pledge the Collateral. There is not on file in any governmental or regulatory authority, agency or recording office an effective financing statement, security agreement, license or transfer or any notice of any of the foregoing (other than those that have been filed in favor of the Secured Party pursuant to this Agreement) covering or affecting any of the Collateral. So long as this Agreement shall be in effect, the Borrower shall not execute and shall not knowingly permit to be on file in any such office or agency any such financing statement or other document or instrument (except to the extent filed or recorded in favor of the Secured Party pursuant to the terms of this Agreement).

Section 7.6 Financing Statement and Other Filings. At the request of the Secured Party, the Borrower will sign and deliver to the Secured Party at any time or from time to time one or more financing statements pursuant to the UCC (or any other applicable statute) in form reasonably satisfactory to the Secured Party and will pay the cost of filing the same in all public offices wherever filing is, or is deemed by the Secured Party to be, necessary or desirable to effect the rights and obligations provided for herein. Without limiting the generality of the foregoing, the Borrower shall pay all fees, taxes and other amounts necessary to maintain the Collateral and the Security Interest hereunder, and the Borrower shall obtain and furnish to the Secured Party from time to time, upon demand, such releases and/or subordinations of claims and liens which may be required to maintain the priority of the Security Interest hereunder. The Borrower shall promptly execute and deliver to the Secured Party such further deeds, mortgages, assignments, security agreements, financing statements or other instruments, documents, certificates and assurances and take such further action as the Secured Party may from time to time request and may in its sole discretion deem necessary to perfect, protect or enforce its Security Interest in the Collateral. Notwithstanding the above, the Borrower shall promptly, following the Closing Date, file a financing statement with the state of Texas setting forth the Lenders' Security Interest in the Collateral, in such form as may be reasonably approved by the Required Lenders.

Section 7.7 Termination of Security Interest. The Security Interest shall terminate only if and when the Obligations have been paid and performed in full.

Section 7.8 Absolute Obligations.All rights of the Lenders and all Obligations of the Borrower hereunder, shall be absolute and unconditional, irrespective of: (a) any lack of validity or enforceability of the Loan Documents, or any agreement entered into in connection with the foregoing, or any portion hereof or thereof; (b) any change in the time, manner or place of payment or performance of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to any departure from the Loan Documents, or any other agreement entered into in connection with the foregoing; (c) any exchange, release or nonperfection of any of the Collateral, or any release or amendment or waiver of or consent to departure from any other collateral for, or any guaranty, or any other security, for all or any of the Obligations; (d) any action by the Lenders or a Collateral Agent on behalf of the Lenders to obtain, adjust, settle and cancel in its sole discretion any insurance claims or matters made or arising in connection with the Collateral; or (e) any other circumstance which might otherwise constitute any legal or equitable defense available to the Borrower, or a discharge of all or any part of the Security Interest granted hereby. Until the Obligations shall have been paid and performed in full, the rights of the Lenders shall continue even if the Obligations are barred for any reason, including, without limitation, the running of the statute of limitations or bankruptcy.

Section 7.9 Waiver. The Borrower expressly waives presentment, protest, notice of protest, demand, notice of nonpayment and demand for performance. In the event that at any time any transfer of any Collateral or any payment received by the Lenders hereunder shall be deemed by final order of a court of competent jurisdiction to have been a voidable preference or fraudulent conveyance under the bankruptcy or insolvency laws of the United States, or shall be deemed to be otherwise due to any party other than the Lenders, then, in any such event, the Borrower's Obligations hereunder shall survive cancellation of any or all of the Loan Documents, and shall not be discharged or satisfied by any prior payment thereof and/or cancellation of this Agreement, but shall remain a valid and binding obligation enforceable in accordance with the terms and provisions hereof. The Borrower waives all right to require the Lenders or a Collateral Agent on behalf of the Lenders to proceed against any other person or to apply any Collateral which the Lenders or Collateral Agent on behalf of the Lenders may hold at any time, or to pursue any other remedy. The Borrower waives any defense arising by reason of the application of the statute of limitations to any obligation secured hereby.

ARTICLE 8

GENERAL TERMS AND CONDITIONS

Section 8.1 Notices. Any and all notices, requests or other communications hereunder shall be given in writing and delivered by: (a) regular, overnight or registered or certified mail (return receipt requested), with first class postage prepaid; (b) hand delivery; (c) facsimile transmission; or (d) overnight courier service, to the parties at the respective addresses set forth on the last page(s) of this Agreement, or such other address as Borrower or the Lenders may from time to time designate by written notice to the other as herein required. Except as otherwise provided in this Agreement, all such communications shall be deemed to have been duly given: (A) in the case of a notice sent by regular or registered or certified mail, three business days after it is duly deposited in the mails; (B) in the case of a notice delivered by hand, when personally delivered; (C) in the case of a notice sent by facsimile, upon transmission subject to telephone confirmation of receipt; and (D) in the case of a notice sent by overnight mail or overnight courier service, the next business day after such notice is mailed or delivered to such courier, in each case given or addressed as aforesaid.

Section 8.2 Modifications. No amendment or waiver of any provision of this Agreement, any Note or the Warrants, and no consent with respect to any departure by Borrower therefrom, shall be effective unless the same shall be in writing and signed by the Lenders and Borrower and then any such waiver or consent shall be effective, but only in the specific instance and for the specific purpose for which given.

Section 8.3 Severability. In case any of the provisions of this Agreement shall for any reason be held to be invalid, illegal, or unenforceable, such invalidity, illegality, or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal, or unenforceable provision had never been contained herein.

Section 8.4 Election of Remedies. The Lenders shall have all of the rights and remedies granted in this Agreement and in all of the other Loan Documents and available at law or in equity, and these same rights and remedies shall be cumulative and may be pursued separately, successively, or concurrently against Borrower or any property covered under the Loan Documents at the sole discretion of the Lenders. The exercise or failure to exercise any of the same shall not constitute a waiver or release thereof or of any other right or remedy, and the same shall be nonexclusive.

Section 8.5 Form and Substance. All documents, certificates, and other items required under this Agreement to be executed and/or delivered to the Lenders shall be in form and substance satisfactory to Lenders.

Section 8.6 Controlling Agreement. All agreements between Borrower and the Lenders, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no contingency, whether by reason of demand or acceleration of the maturity of the Notes or otherwise, shall the interest paid or agreed to be paid to Lenders exceed the maximum amount permissible under applicable law. If from any circumstances whatsoever, interest would otherwise be payable to Lenders at a rate in excess of that permitted under applicable law, then the interest payable to Lenders shall be reduced to the maximum amount permitted under applicable law, and if from any circumstance Lenders shall ever receive anything of value deemed interest by applicable law which would exceed interest at the highest lawful rate, an amount equal to any excessive interest shall be applied to the reduction of the principal amount owing to Lenders under this Agreement or under any of the other Loan Documents and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal owing to Lenders under this Agreement and under any of the other Loan Documents, such excess shall be refunded to the Borrower. All interest paid or agreed to be paid to Lenders shall, to the extent permitted by applicable law, be amortized, prorated, allocated and/or spread throughout the full period until payment in full of the principal of the indebtedness (including the period of any renewal or extension hereof) so that the interest on account of such indebtedness for such full period shall not exceed the maximum amount permitted by applicable law. This section shall control all agreements between Borrower and the Lenders.

Section 8.7 No Third Party Beneficiary. This Agreement is for the sole benefit of the Lenders and Borrower and is not for the benefit of any third party.

Section 8.8 Borrower in Control. In no event shall the Lenders' rights and interests under the Loan Documents be construed to give the Lenders the right to control, or be deemed to indicate that the Lenders are in control of, the business, management or properties of Borrower or the daily management functions and operating decisions made by Borrower.

Section 8.9 Number and Gender. Whenever used herein, the singular number shall include the plural and the singular, and the use of any gender shall be applicable to all genders. The duties, covenants, obligations and warranties of Borrower in this Agreement shall be joint and several obligations of Borrower and of each Borrower if more than one.

Section 8.10 Captions. The captions, headings, and arrangements used in this Agreement are for convenience only and do not in any way affect, limit, amplify, or modify the terms and provisions hereof.

Section 8.11 Applicable Law. **THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS ARE CONTRACTS MADE IN, AND UNDER THE LAWS OF, THE STATE OF TEXAS, AND THEIR VALIDITY, ENFORCEMENT AND INTERPRETATION, SHALL FOR ALL PURPOSES BE GOVERNED ENTIRELY BY TEXAS LAW AND APPLICABLE UNITED STATES FEDERAL LAW.**

Section 8.12 Relationship of the Parties. This Agreement provides for the making of loans by Lenders in their capacity as lenders to Borrower, in its capacity as a borrower, and for the payment of interest and repayment of principal by Borrower to Lenders. The relationship between Lenders and Borrower is limited to that of creditor, on the one hand, and debtor, on the other hand. The provisions herein relating to the Security Interest are intended solely for the benefit of Lenders to protect their interests as lenders in assuring payments of interest and repayment of principal, and nothing contained in this Agreement shall be construed as permitting or obligating any of the Lenders to act as a financial or business advisor or consultant to Borrower, as permitting or obligating any of the Lenders to control Borrower or to conduct Borrower's operations, as creating any fiduciary obligation on the part of any of the Lenders to Borrower, or as creating any joint venture, agency, or other relationship between the parties other than as explicitly and specifically stated in this Agreement. Borrower acknowledges that it has had the opportunity to obtain the advice of experienced counsel of its own choosing in connection with the negotiation and execution of this Agreement and to obtain the advice of experienced counsel in connection with entering into these binding provisions, including, without limitation, the provision for waiver of trial by jury. Borrower further acknowledges that it is experienced with respect to financial and credit matters and has made its own independent decisions to apply for credit and to execute and deliver this Agreement.

Section 8.13 Waiver of Jury Trial. Borrower hereby covenants and agrees that, in connection with any dispute arising under this Agreement or under any of the other Loan Documents, it shall not elect a trial by jury of any issue which may be tried by a jury and hereby waives any right to trial by jury fully to the extent that any such right shall now or hereafter exist. This waiver of right to trial by jury is separately given, knowingly and voluntarily, by Borrower, and this waiver is intended to encompass individually each instance and each issue as to which the right to a jury trial would otherwise accrue. The Lenders are hereby authorized and requested to submit this Agreement to any court having jurisdiction over the subject matter and the parties hereto, so as to serve as conclusive evidence of the foregoing waiver of the right to jury trial. Further, Borrower hereby certifies that no representative or agent of the Lenders, including their counsel, has represented, expressly or otherwise, to Borrower that the Lenders will not seek to enforce this waiver of right of jury trial provision.

Section 8.14 Consent to Jurisdiction. Borrower hereby agrees that any action or proceeding under this Agreement or under any of the other Loan Documents may be commenced against it in any court of competent jurisdiction within Harris County, Texas by service of process upon Borrower by first class registered or certified mail, return receipt requested, addressed to Borrower at its address last known to the Lenders. Borrower agrees that any such suit, action or proceeding arising out of or relating to this Agreement or to any of the other Loan Documents may be instituted in the United States District Court for the Southern District of Texas; and Borrower hereby waives any objection to the venue of any such suit, action or proceeding. Nothing herein shall affect the right of the Lenders to accomplish service of process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against Borrower in any other jurisdiction or court.

Section 8.15 Ambiguity/Authorship. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, there shall be no presumption or burden of proof which arises favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

Section 8.16 Attorneys' Fees. In the event a cause of action is filed to enforce this Agreement, the prevailing party shall have the right to collect from the non-prevailing party, its reasonable costs, necessary, disbursements and attorneys' fees incurred in enforcing this Agreement.

Section 8.17 Entire Agreement. **THE WRITTEN LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.**

Section 8.18 Effect of Facsimile and Photocopied Signatures. This Agreement (and the other Loan Documents) may be executed in several counterparts, each of which is an original. It shall not be necessary in making proof of this Agreement, the Loan Documents or any counterpart thereof to produce or account for any of the other counterparts. A copy of this Agreement and the Loan Documents signed by one party and faxed or scanned and emailed to another party (as a PDF or similar image file) shall be deemed to have been executed and delivered by the signing party as though an original. A photocopy or PDF of this Agreement and the other Loan Documents shall be effective as an original for all purposes.

[Remainder of page left intentionally blank. Signature page follows.]

EXECUTED and DELIVERED as of the date first recited.

Address of Borrower:

3555 Timmons Lane,
Suite 1550
Houston, Texas 77027

BORROWER

Lucas Energy, Inc.

By*:/s/Anthony C. Schnur*

Printed Name: Anthony C. Schnur

Its: Chief Executive Officer

[*Lenders signatures are included on the on following page(s)*]

EXECUTED and DELIVERED as of the date first recited.

Continental Industries Field Services, LLC

By: */s/ Ken Daraie*
Its: President
Printed Name: Ken Daraie
317 Gaylord Street
Denver, CO 80206

Garry A. Frank

By*: /s/Garry A. Frank*
Garry A Frank
P.O. Box 907
Mills, Wyoming 82644

Krusen-Thompson Interests, Ltd.

By: */s/W. Andrew Krusen, Jr.*
Its: Chairman of General Partner
Printed Name: W. Andrew Krusen, Jr.
105 W. High St.
Charlottesville, VA 22902

Wit Ventures, Ltd.

By: */s/W. Andrew Krusen, Jr.*
Its: President of General Partner
Printed Name: W. Andrew Krusen, Jr.
1414 W. Swann Ave, Suite 100
Tampa, FL 33606

SCHEDULE 1

[Lenders and Loan Amounts]

Name and Address	**Loan Amount**
Continental Industries Field Services, LLC 317 Gaylord Street Denver, CO 80206	**$2,000,000**
Garry A. Frank P.O. Box 907 Mills, Wyoming 82644	**$500,000**
Krusen-Thompson Interests, Ltd. 105 W. High St. Charlottesville, VA 22902	**$125,000**
Wit Ventures, Ltd. 1414 W. Swann Ave, Suite 100 Tampa, FL 33606	**$125,000**

EXHIBITS TO LOAN AGREEMENT

A Promissory Note

B Form of Common Stock Purchase Warrant

EXHIBIT A

PROMISSORY NOTE

EXHIBIT B

FORM OF COMMON STOCK PURCHASE WARRANT

EX-10.3
EX-10.3 5 ex10-3.htm FORM OF PROMISSORY NOTE

EXHIBIT 10.3

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. IT MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER SAID ACT OR AN OPINION OF COUNSEL SATISFACTORY TO THE BORROWER THAT SUCH REGISTRATION IS NOT REQUIRED.

LUCAS ENERGY, INC.

PROMISSORY NOTE

Amount of Loan: $ _____ Date: **April 4, 2013**
HOUSTON, TEXAS

FOR VALUE RECEIVED, Lucas Energy, Inc., a Nevada corporation (the "**Borrower**"), promises to pay to the order of _____ (the "**Lender**"), or Lender's registered assigns, at _____, in lawful money of the United States of America the principal sum of _____ _____ and No/100 Dollars ($_____),which shall be legal tender, bearing interest and payable as provided herein together with interest on the principal balance, at an interest rate equal to 14% per annum, with interest payable monthly in arrears on the first date of each month commencing June 1, 2013 (each an "**Interest Payment**"), and the principal plus any remaining accrued interest payable on the Maturity Date. The "**Maturity Date**" shall be October 4, 2013, unless the Borrower borrows an additional $2.5 million from the Lender and other lenders who have entered into that certain Loan Agreement with the Borrower dated on or around the date hereof (as amended, modified or restated from time to time, the "**Loan Agreement**"), in which case, the Maturity Date shall be April 4, 2014.

This Note is executed and delivered by the Borrower pursuant to the Loan Agreement. This Note evidences a Loan made by Lender to Borrower under the Loan Agreement and this Note is subject to the terms and provisions of the Loan Agreement. All capitalized terms used herein, unless otherwise defined herein, shall have the same definitions herein as are assigned to such terms in the Loan Agreement. Reference is hereby made to the Loan Agreement for a statement of the events upon which the maturity of this Note may be accelerated automatically. If any payment of principal or interest on this Note shall become due on a Saturday, Sunday or any other day on which national banks are not open for business, such payment shall be made on the next succeeding Business Day.

1. ***Interest***. Interest shall be a flat rate of 14% of the principal per annum.

2. ***Prepayment***. The Borrower may prepay this Note in whole or in part at any time; provided that any such prepayment will be applied first to the payment of expenses due under this Note, if any, second to interest on this Note and third, to the payment of principal of this Note.

3. ***Past Due Payments***. Any overdue principal hereunder and, to the extent permitted by law, overdue interest hereon, shall bear interest, payable on demand, for each day from and including the date payment thereof was due to, but excluding, the date of actual payment, at a rate per annum equal to seventeen percent (17%) per annum (the "**Default Rate**").

4. ***Security Interest.*** This Note is secured by that certain Security Interest set forth in the Loan Agreement.

5. ***Use of Proceeds.*** The proceeds from this Note shall be used for general working capital.

6. ***Successors and Assigns.*** Subject to the restrictions on transfer described in **Sections 7 and 8** below, the rights and obligations of the Borrower and Lender shall be binding upon and benefit the successors, assigns, heirs, administrators and transferees of the parties.

7. ***Transfer of this Note.*** With respect to any offer, sale or other disposition of this Note, the Lender will give written notice to the Borrower prior thereto, describing briefly the manner thereof, together with a written opinion of Lender's counsel, or other evidence if reasonably satisfactory to the Borrower, to the effect that such offer, sale or other distribution may be effected without registration or qualification (under any federal or state law then in effect). Upon receiving such written notice and reasonably satisfactory opinion, if so requested, or other evidence, the Borrower, as promptly as practicable, shall notify Lender that Lender may sell or otherwise dispose of this Note or such securities, all in accordance with the terms of the notice delivered to the Borrower. If a determination has been made pursuant to this **Section 7** that the opinion of counsel for Lender, or other evidence, is not reasonably satisfactory to the Borrower, the Borrower shall so notify Lender promptly after such determination has been made. Notwithstanding the foregoing, with respect to any offer, sale or other disposition of this Note to any person or entity affiliated with Lender (an "**Affiliated Party**"), Lender will give written notice to the Borrower prior thereto, describing briefly the manner thereof, and the Lender may transfer the Note to such Affiliated Party as long as the Affiliated Party agrees in writing to be bound by the terms hereof and the Loan Agreement (as applicable) as if such Affiliated Party was the original Lender hereunder. Each Note thus transferred shall bear a legend as to the applicable restrictions on transferability in order to ensure compliance with the Securities Act of 1933, as amended (the "**Securities Act**"), unless in the opinion of counsel for the Borrower such legend is not required in order to ensure compliance with the Securities Act. Subject to the foregoing, transfers of this Note shall be registered upon registration books maintained for such purpose by or on behalf of the Borrower. Prior to presentation of this Note for registration of transfer, the Borrower shall treat the registered holder hereof as the owner and holder of this Note for the purpose of receiving all payments of principal and interest hereon and for all other purposes whatsoever, whether or not this Note shall be overdue and the Borrower shall not be affected by notice to the contrary.

8. ***Assignment by the Borrower.*** Neither this Note nor any of the rights, interests or obligations hereunder may be assigned, by operation of law or otherwise, in whole or in part, by the Borrower without the prior written consent of the Required Lenders.

9. ***Notices.*** All notices, requests, demands, consents, instructions or other communications required or permitted hereunder shall be made in accordance with Section 8.1 of the Loan Agreement.

10. ***Usury.*** In the event any interest is paid on this Note which is deemed to be in excess of the then legal maximum rate, then that portion of the interest payment representing an amount in excess of the then legal maximum rate shall be deemed a payment of principal and applied against the principal of this Note.

11. ***Attorneys' Fees*****.** In the event a cause of action is filed to enforce this Note, the prevailing party shall have the right to collect from the non-prevailing party, its reasonable costs, necessary disbursements and attorneys' fees incurred in enforcing this Note.

12. ***Waivers*****.** The Borrower hereby waives notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor and all other notices or demands relative to this instrument.

13. ***Governing Law*****.** This Note and all actions arising out of or in connection with this Note shall be governed by and construed in accordance with the laws of the State of Texas, without regard to the conflicts of law provisions of the State of Texas, or of any other state and venue for all causes of action shall be in Harris County, Texas.

[*Signature on following page*]

The Borrower has caused this Note to be issued on the date first written above.

LUCAS ENERGY, INC.
a Nevada Corporation

By:_____

Its:_____

Printed Name:_____

Lucas Energy, Inc.
3555 Timmons Lane, Suite 1550
Houston, Texas 77027

EX-99.1
EX-99.1 6 ex99-1.htm LUCAS ENERGY NAMES WILLIAM DALE AS CHIEF FINANCIAL OFFICER

EXHIBIT 99.1

logo

3555 Timmons Lane
Suite 1550
Houston, TX 77027
Phone: (713) 528-1881
Fax: (713) 337-1510

Lucas Energy Names Oil and Gas Finance Executive William J. Dale as Chief Financial Officer

For Immediate Release

HOUSTON, TEXAS - April 8, 2013 – Lucas Energy, Inc. (NYSE MKT:LEI) ("Lucas Energy" or the "Company"), an independent oil and gas company with main operations in Texas, today announced the appointment of William J. Dale as Chief Financial Officer, Treasurer and Secretary of the Company. Mr. Dale replaces Anthony C. Schnur in those posts, which Mr. Schnur has held on an interim basis since being named CEO of Lucas Energy in December 2012.

Mr. Dale brings over 17 years of oil and gas industry financial experience across corporate finance, treasury, strategic planning, and financial reporting, planning and analysis functions both at large global corporations as well at small, entrepreneurial oil and gas companies. Most recently he served as a financial consultant for several private equity and independent E&P companies, having previously served as Director of Finance, Planning & Analysis for Global Industries Ltd., a $575 Million in revenue, Nasdaq-traded oil & gas service company. Prior posts include CFO and Controller at KD Resources, a private E&P company and CFO, Treasurer and Secretary at Blue Dolphin Energy, a Nasdaq Midstream and E&P company. He also has prior experience working at Rosetta Resources, Huber Energy, El Paso Corporation, Columbia Energy and Tejas Gas (acquired by Shell Oil). Mr. Dale earned dual Bachelor degrees in accounting and finance and has an MBA from the University of Houston. He is also a Texas Certified Public Accountant.

Lucas Energy's CEO, Anthony Schnur, commented: "William has been here for the last three months assisting in the reshaping of the Company. He brings the ideal financial and industry skill sets to support both our immediate goals and the longer term creation of value for our shareholders. Further, his experience at large, well-structured organizations as well as smaller, more nimble independent companies, combined with solid public company and capital markets experience, made him ideally suited for the CFO role we envision to drive Lucas' growth."

About Lucas Energy, Inc.

Lucas Energy, Inc., a Nevada corporation, is an independent oil and gas company that seeks to create value through the opportunistic acquisition, development and management of underdeveloped oil and gas properties. Lucas's current oil and gas interests are principally in the Austin Chalk, Eagle Ford shale, Eaglebine (combining Eagle Ford and Woodbine in Texas) and Buda & Glenrose formations in Texas.

For more information on this and other activities of the Company, please visit the Lucas Energy web site at www.lucasenergy.com.

Company Website:
www.lucasenergy.com

Contact:
William Dale, CFO
(713) 528-1881

Forward-Looking Statements

This Press Release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Act") and Section 21E of the Securities Act of 1934, as amended (the "Exchange Act"). In particular, the words "believes," "expects," "intends," "plans," "anticipates," or "may," and similar conditional expressions are intended to identify forward-looking statements and are subject to the safe harbor created by these Acts. Any statements made in this news release about an action, projection, event or development, are forward-looking statements. Such statements are based upon assumptions that in the future may prove not to have been accurate and are subject to significant risks and uncertainties. Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, it can give no assurance that its forward-looking statements will prove to be correct. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of the Company. Statements regarding future drilling and production are subject to all of the risks and uncertainties normally incident to the exploration and development of oil and gas. These risks include, but are not limited to, completion risk, dry hole risk, price volatility, reserve estimation risk, regulatory risk, potential inability to secure oilfield service risk as well as general economic risks and uncertainties, as disclosed in the Company's SEC filings including its Form 10-K and Form 10-Q's. Investors are cautioned that any forward-looking statements are not guarantees of future performance and actual results or developments may differ materially from those projected. The forward-looking statements in this press release are made as of the date hereof. The Company takes no obligation to update or correct its own forward-looking statements, except as required by law, or those prepared by third parties that are not paid for by the Company. The Company's SEC filings are available at http://www.sec.gov.