

**424B5 - 2012-09-11**

Form: 424B5

Filing date: 2012-09-11

Accession: 0001432093-12-000710

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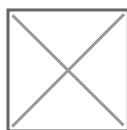
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**Prospectus supplement No. 2  
To prospectus dated March 7, 2012**

**Filed Pursuant to Rule 424b(5)  
Registration File No. 333-179980**



**Lucas Energy, Inc.**

**Relating to the Primary Offering of:**

- (i) 800,000 shares of Common Stock;**
- (ii) 200,000 Warrants to purchase shares of Common Stock; and**
- (iii) 200,000 shares of Common Stock issuable upon exercise of Warrants**

Pursuant to this prospectus supplement and the accompanying prospectus, Lucas Energy, Inc. (the "Company", "Lucas", "Lucas Energy", "we", "us" and "our") is offering directly to selected investors, 800,000 units, with each unit consisting of one share of common stock (the "Shares") and 0.25 of a warrant to purchase one share of the Company's common stock (and the shares of common stock issuable from time to time upon exercise of the Warrants) at an exercise price of \$2.00 per share and a term of one year (the "Warrants", and collectively with the Shares, the "Securities" or the "Units"). This prospectus supplement is being filed in connection with the transactions contemplated by certain Subscription Agreements by and between the Company and the investors named therein (collectively, the "Investors"), whereby the Company will sell and the the Investors will purchase 800,000 Units at \$1.65 per Unit for an aggregate of \$1,320,000 (the "Offering"). These sales, if any, will be made pursuant to the terms of a subscription agreement which is filed with the Securities and Exchange Commission as Exhibit 10.1 to our Current Report on Form 8-K filed on September 11, 2012.

Our common stock is listed on the NYSE MKT under the symbol "LEI." On September 10, 2012, the last reported sales price of our common stock was \$1.68. There is no established public trading market for the Warrants, and we do not expect a market to develop. In addition, we do not intend to apply for listing of the Warrants on any national securities exchange or other nationally recognized trading system.

Sales, if any, under this prospectus supplement will be made directly by the Company to the Investors. No compensation will be payable to any person. The net proceeds from any sales under this prospectus supplement will be used as described under "Use of Proceeds." The proceeds that we receive from sales of Units will depend on the number of Units actually sold.

The aggregate market value of our outstanding common stock held by non-affiliates is approximately \$46,158,565, based on 25,347,745 shares of outstanding common stock and approximately 1,676,686 shares held by affiliates, at a price of \$1.95 per share, which was the last reported sale price of our common stock as quoted on the NYSE MKT on August 6, 2012. Pursuant to General Instruction I.B.6 of Form S-3, in no event will we sell our common stock in a public primary offering with a value exceeding more than one-third of our public float in any 12-month period so long as our public float remains below \$75 million. We have offered and sold approximately \$9,623,375 in securities pursuant to General Instruction I.B.6 of Form S-3 during the twelve calendar months prior to and including the date of this prospectus supplement (which total includes securities to be sold in this Offering). For purposes of the calculations set forth in this paragraph, we have used the closing price of the Company's common stock on August 6, 2012, which price was \$1.95.

**Investing in our securities involves a high degree of risk. Before deciding whether to invest in our securities, you should consider carefully the risks that we have described in this prospectus supplement under the caption "Risk Factors" starting on**

page S-9 of this prospectus supplement and under the caption “Risk Factors” in our most recently filed Annual Report on Form 10-K, as filed with the Securities and Exchange Commission, which is incorporated herein by reference in its entirety.

	<u>Per Unit</u>	<u>Total*</u>
Public offering price per Unit	\$ 1.65 (1)	\$ 1,320,000
Proceeds to us (before expenses) (2)	\$ 1.65	\$ 1,320,000

- (1) Represents a 1.8% discount to the \$1.68 per share closing price of our common stock on the NYSE MKT on September 10, 2012.
- (2) Assumes the sale of all Units offered herein. Does not include approximately \$400,000 which the Company will receive assuming the exercise of the Warrants registered herein at an exercise price of \$2.00 per Warrant assuming all Units offered herein are sold. We anticipate the total expenses associated with this Offering will be approximately \$20,000.

You should carefully read and consider the information under “Forward-Looking Statements” and “Risk Factors” beginning on page S-9 of this prospectus supplement and on page 8 of the accompanying prospectus.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined that this prospectus supplement is accurate or complete. Any representation to the contrary is a criminal offense.**

**The date of this prospectus supplement is September 11, 2012.**

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## ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement and the accompanying prospectus, dated March 7, 2012, are part of a registration statement that we filed with the Securities and Exchange Commission, utilizing a “shelf” registration process. Under this process, we may sell from time to time in one or more offerings up to an aggregate of \$10,000,000 in our securities described in the accompanying prospectus.

You should rely only on the information contained or incorporated by reference into this prospectus supplement and the accompanying prospectus. We have not authorized anyone to provide you with different information. If anyone provides you with different or additional information, you should not rely on it. We are not making an offer to sell these securities in any state or jurisdiction where the offer or sale is not permitted. You should not assume that the information contained in this prospectus supplement and the accompanying prospectus is accurate on any date subsequent to the date set forth on the front of the document or that any information we have incorporated by reference is correct on any date subsequent to the date of the document incorporated by reference, even though this prospectus supplement is delivered or securities are sold on a later date. We will disclose any material changes in our affairs in a post-effective amendment to the registration statement of which this prospectus supplement is a part, a future prospectus supplement, or a future filing with the Securities and Exchange Commission incorporated by reference in this prospectus supplement. It is important for you to read and consider all the information contained in this prospectus supplement and the accompanying prospectus, including the documents incorporated by reference therein, in making your investment decision.

This document is in two parts. The first part is this prospectus supplement, which adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to this Offering of Units. This prospectus supplement adds, updates and changes information contained in the accompanying prospectus and the information incorporated by reference. To the extent the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus or any document incorporated by reference, the information in this prospectus supplement shall control.

We further note that the representations, warranties and covenants made by us in any agreement that is filed as an exhibit to any document that is incorporated by reference in the accompanying prospectus were made solely for the benefit of the parties to such agreement, including, in some cases, for the purpose of allocating risk among the parties to such agreements, and should not be deemed to be a representation, warranty or covenant to you. Moreover, such representations, warranties or covenants were accurate only as of the date when made. Accordingly, such representations, warranties and covenants should not be relied on as accurately representing the current state of our affairs.

Persons outside the United States who come into possession of this prospectus supplement or the accompanying prospectus must inform themselves about, and observe any restrictions relating to, the offering of the securities and the distribution of this prospectus supplement and accompanying prospectus outside of the United States.

All references to “we,” “our,” “us”, the “Company”, “Lucas”, and “Lucas Energy” in this prospectus supplement mean Lucas Energy, Inc. and all entities owned or controlled by us except where it is made clear that the term means only the parent company. The term “you” refers to a prospective investor. Please carefully read this prospectus supplement, the prospectus and any pricing supplement, in addition to the information contained in the documents we refer to under the headings “Where You Can Find More Information” and “Incorporation Of Certain Documents By Reference”.

## PROSPECTUS SUPPLEMENT SUMMARY

The following summary highlights material information found in more detail elsewhere in, or incorporated by reference in, the prospectus supplement. It does not contain all of the information you should consider. As such, before you decide to buy our common stock, in addition to the following summary, we urge you to carefully read the entire prospectus supplement and documents incorporated by reference herein, especially the risks of investing in our common stock as discussed under "Risk Factors." The following summary is qualified in its entirety by the detailed information appearing elsewhere in this prospectus supplement.

### General

Lucas Energy, Inc., a Nevada corporation, is an independent oil and gas company based in Houston, Texas. Lucas Energy, Inc. together with its subsidiary, LEI Alcalde Holdings, LLC explores for, develops, produces and markets primarily crude oil and to a much lesser extent, natural gas, from various known productive geological formations, including the Austin Chalk, Eagle Ford and Buda formations, primarily in Gonzales, Wilson, Karnes and Atascosa Counties south of the City of San Antonio; and the Eaglebine formation in Leon and Madison Counties north of the City of Houston in Texas. Incorporated in Nevada in December 2003 under the name Panorama Investments Corp., the Company changed its name to Lucas Energy, Inc. effective June 9, 2006. Our goal is to acquire, develop, and produce crude oil and natural gas from areas located in, or near, established oil fields.

The Company's strategy is as follows:

- Locate and acquire what we believe to be undervalued, underdeveloped oil and gas properties in known areas which were neglected when oil prices were below \$20 per barrel. Re-establish or improve production from existing well bores. Look for underlying potential in the form of new drilling, new laterals from existing wells, and/or deeper undeveloped horizons. The Company does not participate in exploration activities, or rank wildcat drilling activities,
- Develop the properties out of current cash flow, or using project financing, which may include joint interest participation partners (what are commonly known as joint ventures), and
- Seek out additional product financing and joint venture partners to expand the asset base and increase production.

Our fiscal year ends on the last day of March of each year. We refer to the twelve-month periods ended March 31, 2012 and March 31, 2011 as our 2012 fiscal year and 2011 fiscal year, respectively.

At June 30, 2012, the Company had leasehold interests (working interests) in approximately 27,000 gross acres. Total net developed and undeveloped acreage as measured from the surface to the base of the Austin Chalk formation was approximately 21,900 acres. The Company has approximately 5,900 net acres in the Eagle Ford (and lower depths) in the southern part of the Eagle Ford trend near San Antonio, Texas. Further, the Company has approximately 3,700 net acres in the Eaglebine area of the Eagle Ford trend to the north of Houston, Texas.

At the end of June 2012, Lucas was producing approximately 430 BOPD (approximately 260 BOPD net) from 56 active well bores, of which 11 wells accounted for more than half of the production. The ratio between the gross and net production varies due to varied working interests and net revenue interests in each well. An affiliate of Marathon Oil Corporation operates two Eagle Ford horizontal wells, in each of which we have a 15% working interest. The wells have produced a cumulative of approximately 120,000 barrels of oil through July 31, 2012 recently put on artificial lift.

At March 31, 2012, Lucas Energy's total estimated net proved reserves were 8.8 million barrels of oil equivalent (BOE), of which 7.0 million barrels (BBLs) were crude oil reserves, and 10.7 million cubic feet (MMCF) were natural gas reserves (see Supplemental Information to Consolidated Financial Statements). As of June 30, 2012, Lucas employed 16 full-time employees. We also utilized approximately 10 contractors on an "as-needed" basis to carry out various functions of the Company, including but not limited to field operations, land administration, corporate activity and information technology maintenance.



## **Industry Segments**

Lucas Energy's operations are all crude oil and natural gas exploration and production related.

## **Operations and Oil and Gas Properties**

We operate in known productive areas; that is, we do not drill wildcat wells. Our holdings are found in a broad area of current industry activity in Gonzales, Wilson, Karnes, Atascosa, Leon and Madison Counties in Texas. We concentrate on three vertically adjoining formations in Gonzales, Wilson, Karnes and Atascosa Counties: the Austin Chalk, Eagle Ford and Buda formations, listed in the order of increasing depth measuring from the land surface. The recent development of the Eagle Ford as a high potential producing zone has heightened industry interest and success. Lucas Energy's acreage position is in the oil window of the Eagle Ford trend. Prior to the active development of the Eagle Ford trend in the Gonzales County, Texas area, Lucas investigated the potential of the Eagle Ford formation using modern well logs. Subsequent to this research, Lucas sought to acquire over 15,000 acres in the Gonzales and Wilson County, Texas area. In 2010, the Company sold an 85% working interest in the acreage in Gonzales County, Texas to Hilcorp Resources, LLC (now Marathon Resources EF, LLC); and in 2011 the Company sold a 50% working interest to Marathon Oil Company in Wilson County, Texas. In December 2011, we acquired 3,745 net acres in Leon and Madison Counties and thereby expanded our holdings of the Eagle Ford trend into the Eaglebine area.

### ***Austin Chalk***

The Company's original activity started in Gonzales County by acquiring existing shut-in and stripper wells and improving production from those wells. Most of the wells had produced from the Austin Chalk. The Austin Chalk is a dense limestone, varying in thickness along its trend from approximately 200 feet to more than 800 feet. It produces by virtue of localized fractures within the formation.

### ***Eagle Ford***

Drilling activities by other operators and the improvement in horizontal drilling, well stimulation, and completion technologies, have brought the Eagle Ford play to prominence as one of the foremost plays in the United States today.

On Lucas Energy's leases, the Eagle Ford is a porous limestone with organic shale matter. The Eagle Ford formation directly underlies the Austin Chalk formation and is believed to be the primary source of oil and gas produced from the Austin Chalk. Reservoir thickness in the area of the Company's leases varies from approximately 60 feet to 80 feet.

### ***Buda***

The Buda limestone underlies the Eagle Ford formation separated by a 10 foot to 20 foot inorganic shale barrier. Its thickness varies from approximately 100 feet to more than 150 feet in this area. The Buda produces from natural fractures and matrix porosity and is prospective across this whole area. There are a number of Buda wells with cumulative production of more than 100,000 barrels of oil.

### ***Eaglebine***

The Eaglebine is so named because the Eagle Ford formation overlies the Woodbine formation. This is a continuation of the Eagle Ford trend that is productive from south Texas to the east north of Houston, Texas. The Woodbine formation is best known as the prolific reservoir in the famous East Texas Oil Field. There has been increased interest and activity in the Eaglebine formation in the Leon, Houston, and Madison County areas. There is established production from horizontal and vertical wells to the east and south of Lucas Energy's holdings and numerous permits for horizontal wells have been filed for additional exploratory and development drilling.

## **General**

The ultimate goal of the management of Lucas is to maximize shareholder value. Specific targets include: increasing production, increasing new revenues, increasing profitability margins, increasing property values and reserves, and expanding the asset base.

### Overview of Properties

During our 2012 fiscal year, the Company continued to acquire Austin Chalk and Eagle Ford assets. These acquisitions were done with minimal cash outlay and at prices which Lucas believes were under the current market. These acquisitions included the following:

- Acquisition of Austin Chalk producing and non-producing properties, along with some Eagle Ford assets, from our Nordic Oil USA I LLLP joint venture partner,
- Acquisition of Eagle Ford undeveloped properties from an affiliate of Hall Financial Group of Dallas, Texas, and
- Acquisition of Eaglebine producing and non-producing properties north of Houston, Texas from an affiliate of Hall Financial Group.

The Company ended the 2012 fiscal year with approximately 5,900 net acres in the Eagle Ford trend and approximately 3,700 net acres in the Eaglebine trend.

Lucas continues to review additional areas of interest. During the 2011 fiscal year, the Company invested approximately \$2 million in a property in New Mexico. After careful review of the property, it was decided that the New Mexico property was not as good an investment as the Austin Chalk and Eagle Ford areas. Therefore, Lucas sold its New Mexico assets for more than it paid for them within less than a year.

The Company evaluated its Eagle Ford assets in the Gonzales, Wilson, Atascosa, and Karnes Counties, Texas areas with respect to potential reserves and benefit to shareholder value with the conclusion that the cash resulting from a sale of these Eagle Ford assets would be more beneficial to the price of the common stock than to have the proved undeveloped reserves of the same properties. The Company does not believe that there exists a development plan that would benefit the shareholders more than having the cash and investing it in the Austin Chalk, and other, asset development.

### Operations and New Drilling

During the first three months of the 2013 fiscal year, the Company had very little new activity in either drilling or workovers. The Company did however complete the drilling of two new laterals from existing well bores in the Austin Chalk formation.

Expense workovers of wells with production of less than 10 BOPD continue to have an impact on lease operating expenses. As newer wells, or newer laterals from existing well bores, are drilled on these leases, the expense of workover costs will diminish in the future. An increase in the drilling program of the older leases could significantly reduce expense workover costs, and as a result, reduce our lifting costs per BBL (barrel).

**Transaction Relating to Securities Registered Herein**

On or around September 11, 2012, we plan to enter into Subscription Agreements with certain investors, pursuant to which such investors will agree to purchase, in aggregate, 800,000 Units at \$1.65 per Unit, with each unit consisting of one share of common stock and 0.25 of a warrant to purchase one share of the Company's common stock at an exercise price of \$2.00 per share and a term of one year. We currently anticipate that a total of 50,000 of the Units will be purchased by prior investors in our December 2010 units offering, who have a right of participation to purchase up to 25% of the Units sold in the Offering. Upon the sale of the Units (assuming all Units are sold), we will raise total proceeds of \$1,320,000. The \$1.65 Unit offering price represents a 1.8% discount to the closing price of our common stock on the NYSE MKT on September 10, 2012, which closing price was \$1.68 per share.

**Our Contact Information**

Our principal office is located at 3555 Timmons Lane, Suite 1550, Houston, Texas 77027. Our phone number is (713) 528-1881. The Company is authorized to transact business in the state of Texas, and is a bonded operator with the Texas Railroad Commission. Our website address is [www.lucasenergy.com](http://www.lucasenergy.com). The information on, or that may be accessed through, our website is not incorporated by reference into this prospectus and should not be considered a part of this prospectus.

## THE OFFERING

<b>Securities offered herein:</b>	(i) 800,000 shares of Common Stock; (ii) 200,000 Warrants to purchase shares of Common Stock; and (iii) 200,000 shares of Common Stock issuable upon exercise of Warrants
<b>Common stock to be outstanding after this offering:*</b>	26,147,745 shares
<b>Offering Price:</b>	\$1.65 per Unit
<b>Use of proceeds:</b>	<p>Lucas plans to use the net proceeds of approximately \$1,300,000 (after deducting approximately \$20,000 in expenses) assuming the sale of all of the 800,000 Units offered in this Offering, to pay down expenses related to drilling, lease operating, and workover activities and for general corporate purposes, including general and administrative expenses, as described in greater detail under “Use of Proceeds”), provided that we will retain broad discretion over the use of these proceeds.</p> <p>Additionally, in the event that the Warrants are exercised for cash, we may receive up to a total of approximately \$400,000 in aggregate gross proceeds (assuming all Units offered herein are sold and all Warrants are exercised). However, we cannot predict the timing or the amount of the exercise of these securities. We plan to use the proceeds from the exercise of the Warrants for drilling, lease operating, and workover activities and general corporate purposes, including general and administrative expenses, provided that we will retain broad discretion over the use of these proceeds, if any.</p>
<b>Risk factors:</b>	You should read the “Risk Factors” section of this prospectus supplement and in the documents incorporated by reference in this prospectus supplement for a discussion of factors to consider before deciding to purchase shares of our common stock.
<b>Market:</b>	Our common stock currently trades on the NYSE MKT under the symbol “ <u>LEI</u> .”

\* The number of shares of common stock outstanding after this offering assumes the sale of all Units offered herein and is based on 25,347,745 shares outstanding as of September 11, 2012 (immediately prior to the Offering) and excludes:

- 456,000 shares issuable upon the exercise of outstanding stock options with a weighted-average exercise price of \$2.88 per share;
- 1,353,066 shares available for future issuance under our equity compensation plans;

- 3,693,636 shares issuable upon the exercise of outstanding warrants with a weighted-average exercise price of \$2.71 per share (which does not include the Warrants registered herein);
- 200,000 shares issuable upon the exercise of the Warrants registered herein, with an exercise price of \$2.00 per share; and
- 2,554,000 shares issuable upon the conversion of our outstanding Series A and Series B Convertible Preferred Stock.

Unless otherwise stated, all information in this prospectus supplement:

- assumes no exercise of outstanding options and warrants to purchase common stock, no issuance of shares available for future issuance under our equity compensation plans, and no conversion of our convertible preferred stock; and
- reflects all currency in United States dollars.

## FORWARD-LOOKING STATEMENTS

Certain information included in this prospectus supplement, the prospectus, other reports filed by us under the Securities Exchange Act of 1934, as amended (the "Exchange Act") and any other written or oral statement by or on our behalf contain forward-looking statements and information that are based on management's beliefs, expectations and conclusions, drawn from certain assumptions and information currently available.

This prospectus supplement, the prospectus and the documents or information incorporated by reference herein contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), Section 21E of the Exchange Act, and the Private Securities Litigation Reform Act of 1995, as amended. These forward-looking statements are subject to risks and uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from the results, performance or achievements expressed or implied by the forward-looking statements. You should not unduly rely on these statements. Factors, risks, and uncertainties that could cause actual results to differ materially from those in the forward-looking statements include, among others,

- our growth strategies;
- anticipated trends in our business;
- our ability to make or integrate acquisitions;
- our liquidity and ability to finance our exploration, acquisition and development strategies;
- market conditions in the oil and gas industry;
- the timing, cost and procedure for proposed acquisitions;
- the impact of government regulation;
- estimates regarding future net revenues from oil and natural gas reserves and the present value thereof;
- planned capital expenditures (including the amount and nature thereof);
- increases in oil and gas production;
- the number of wells we anticipate drilling in the future;
- estimates, plans and projections relating to acquired properties;
- the number of potential drilling locations; and
- our financial position, business strategy and other plans and objectives for future operations.

We identify forward-looking statements by use of terms such as "may," "will," "expect," "anticipate," "estimate," "hope," "plan," "believe," "predict," "envision," "intend," "will," "continue," "potential," "should," "confident," "could" and similar words and expressions, although some forward-looking statements may be expressed differently. You should be aware that our actual results could differ materially from those contained in the forward-looking statements. You should consider carefully the statements included in and incorporated by reference in this prospectus supplement and accompanying prospectus, which describe factors that could cause our actual results to differ from those set forth in the forward-looking statements, and the following factors:

- the possibility that our acquisitions may involve unexpected costs;
- the volatility in commodity prices for oil and gas;
- the accuracy of internally estimated proved reserves;
- the presence or recoverability of estimated oil and gas reserves;
- the ability to replace oil and gas reserves;
- the availability and costs of drilling rigs and other oilfield services;
- environmental risks;
- exploration and development risks;
- competition;
- the inability to realize expected value from acquisitions;

- the ability of our management team to execute its plans to meet its goals; and
- other economic, competitive, governmental, legislative, regulatory, geopolitical and technological factors that may negatively impact our businesses, operations and pricing.

Forward-looking statements speak only as of the date of this prospectus supplement or the date of any document incorporated by reference in this prospectus supplement. Except to the extent required by applicable law or regulation, we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date of this prospectus supplement or to reflect the occurrence of unanticipated events.

You should also consider carefully the statements under “Risk Factors” and other sections of this prospectus supplement, and the documents we incorporate by reference, which address additional facts that could cause our actual results to differ from those set forth in the forward-looking statements. We caution investors not to place significant reliance on the forward-looking statements contained in this prospectus supplement, and the documents we incorporate by reference. We undertake no obligation to publicly update or review any forward-looking statements, whether as a result of new information, future developments or otherwise, except as otherwise required by law.

## **RISK FACTORS**

Before making an investment decision, you should consider the “Risk Factors” discussed in the section entitled “Risk Factors” contained under Item 1A of Part I of our most recent annual report on Form 10-K, and under “Risk Factors” under Item 1A of Part II of our subsequent quarterly reports on Form 10-Q, as the same may be amended, supplemented or superseded from time to time by our subsequent filings and reports under the Securities Act or the Exchange Act, each of which are incorporated by reference in this prospectus supplement. For more information, see “Information Incorporated by Reference.” The market or trading price of our securities could decline due to any of these risks. In addition, please read “Forward-Looking Statements” in this prospectus supplement, where we describe additional uncertainties associated with our business and the forward-looking statements included or incorporated by reference in this prospectus supplement. Please note that additional risks not currently known to us or that we currently deem immaterial may also impair our business and operations.

The securities offered herein are highly speculative and should only be purchased by persons who can afford to lose their entire investment in us. You should carefully consider the following risk factors and other information in this prospectus supplement before deciding to become a holder of our common stock. If any of the following risks actually occur, our business and financial results could be negatively affected to a significant extent.

The Company's securities are subject to the following risk factors:

### **Risks Relating to Our Business**

***Crude oil and natural gas prices are highly volatile in general and low prices will negatively affect our financial results.***

Our revenues, operating results, profitability, cash flow, future rate of growth and ability to borrow funds or obtain additional capital, as well as the carrying value of our oil and gas properties, are substantially dependent upon prevailing prices of crude oil and natural gas. Lower crude oil and natural gas prices also may reduce the amount of crude oil and natural gas that we can produce economically. Historically, the markets for crude oil and natural gas have been very volatile, and such markets are likely to continue to be volatile in the future. Prices for crude oil and natural gas are subject to wide fluctuation in response to relatively minor changes in the supply of and demand for crude oil and natural gas, market uncertainty and a variety of additional factors that are beyond our control, including: worldwide and domestic supplies of crude oil and natural gas; the level of consumer product demand; weather conditions and natural disasters; domestic and foreign governmental regulations; the price and availability of alternative fuels; political instability or armed conflict in oil producing regions; the price and level of foreign imports; and overall domestic and global economic conditions.

It is extremely difficult to predict future crude oil and natural gas price movements with any certainty. Declines in crude oil and natural gas prices may materially adversely affect our financial condition, liquidity, ability to finance planned capital expenditures and results of operations. Further, oil and gas prices do not move in tandem.

***We have a limited operating history, and we may not be able to operate profitably in the near future, if at all.***

We commenced our operations in 2006. We have a limited operating history and businesses such as ours, which are starting up or in their initial stages of development present substantial business and financial risks and may suffer significant losses from which they cannot recover. We will face all of the challenges of a small microcap or nano-cap oil and natural gas company that operates in a highly competitive industry, including but not limited to: locating, acquiring and successfully developing oil and gas properties; raising financing to fund our capital expenditure program; attracting, engaging and retaining the services of qualified management, technical and support personnel; establishing budgets and maintaining internal operating policies and procedures; and the design and implementation of effective financial and disclosure controls to meet public company statutory compliance requirements. We can provide no assurance that we will achieve a level of profitability that will provide a return on invested capital or that will result in an increase in the market value of our securities. Accordingly, we are subject to the risk that, because of these factors and other general business risks noted throughout these “Risk Factors,” we may, in particular, not be able to profitably execute our plan of operation.

***We require financing to execute our business plan and fund capital program requirements.***

We believe that our current cash reserves, together with anticipated cash flow from operations, proceeds from sales of properties and funding provided by joint venture partners, will be sufficient to meet our working capital and operating needs for approximately the next twelve months. However, to continue growth and to fund our business and expansion plans, we will require additional financing in addition to the anticipated financing to be raised through this Offering. The amount of capital available to us is limited, and may not be sufficient to enable us to fully execute our growth plans without additional fund raising. Additional financing may be required to meet our desired growth and strategic objectives and to provide more working capital for expanding our development and marketing capabilities and to achieve our ultimate plan of expansion and a larger scale of operations. Moving forward, we hope to pursue joint venture partners for certain of our capital program funding requirements, which if successful will decrease the total funding we are required to commit to such programs. There can be no assurance that we will be able to obtain additional financing on attractive terms, if at all. We have no firm commitments for additional cash funding as of the date of this prospectus supplement.

***We do not intend to pay cash dividends to our shareholders.***

We do not currently intend to pay cash dividends on our common stock and do not anticipate paying any cash dividends at any time in the foreseeable future. At present, we will follow a policy of retaining all of our earnings, if any, to finance development and expansion of our business.

***We face intense competition.***

We are in direct competition for properties with numerous oil and natural gas companies, drilling and income programs and partnerships exploring various areas of Texas and elsewhere. Many competitors are large, well-known oil and gas and/or energy companies, although no single entity dominates the industry. Many of our competitors possess greater financial and personnel resources enabling them to identify and acquire more economically desirable energy producing properties and drilling prospects than us. Additionally, there is competition from other fuel choices to supply the energy needs of consumers and industry. Management believes that a viable marketplace exists for smaller producers of natural gas and crude oil.

***The \$22 million note payable in connection with the Nordic 1 acquisition is secured by a security interest solely in the assets acquired from Nordic 1.***

On October 13, 2011, Lucas entered into a purchase and sale agreement with Nordic Oil USA I, LLLP (“Nordic 1”), with an effective date of July 1, 2011, to purchase all of Nordic 1’s interests in certain oil, gas and mineral leases, rights and assets located in Gonzales, Karnes and Wilson Counties, Texas, which represent all of Nordic 1’s interests in the existing two capital programs operated by Lucas (the “Nordic 1 Transaction”). The Nordic 1 Transaction closed in November 2011 and Lucas paid \$22 million to Nordic 1 in the form of a non-recourse senior secured promissory note. The note bears interest at 6% per annum and is due and payable on or before November 17, 2012. As of June 30, 2012, \$22 million was outstanding under the note.

We do not currently have sufficient cash on hand to repay the note payable. If we default in the repayment of the note payable at maturity, Nordic 1 may seek to enforce its security interest over the assets acquired in the Nordic 1 Transaction, which secure the repayment of such note. Nordic 1 may seek to enforce its security interest by retaking full or partial ownership and control of the assets securing the note payable in an attempt to recover any deficiency between the value of the secured assets and the then amount owed in connection with such note payable, which pursuant to the terms of the note is Nordic 1’s sole recourse in the event that we default under the terms of the note. If we lose ownership of and right to the assets acquired and our total assets, results of operations and revenues may be adversely affected from the loss of such assets. Consequently, the value of our securities may decline in value.

***If we acquire crude oil and natural gas properties in the future, our failure to fully identify existing and potential problems, to accurately estimate reserves, production rates or costs, or to effectively integrate the acquired properties into our operations could materially and adversely affect our business, financial condition and results of operations.***

From time to time, we seek to acquire crude oil and natural gas properties. Although we perform reviews of properties to be acquired in a manner that we believe is duly diligent and consistent with industry practices, reviews of records and properties may not necessarily reveal existing or potential problems, and may not permit us to become sufficiently familiar with the properties in order to fully assess their deficiencies and potential. Even when problems with a property are identified, we may assume environmental and other risks and liabilities in connection with acquired properties pursuant to the acquisition agreements. Moreover, there are numerous uncertainties inherent in estimating quantities of crude oil and natural gas reserves (as discussed further below), actual future production rates and associated costs with respect to acquired properties. Actual reserves, production rates and costs may vary substantially from those assumed in our estimates. There can be no assurance that we will be able to locate or make suitable acquisitions on acceptable terms or that future acquisitions will be effectively and profitably integrated into the Company. Acquisitions involve risks that could divert management resources and/or result in the possible loss of key employees and customers of the acquired operations. For the reasons above, among others, an acquisition may have a material and adverse effect on our business and results of operations, particularly during the periods in which the operations of the acquired properties are being integrated into our ongoing operations or if we are unable to effectively integrate the acquired properties into our ongoing operations.

***We depend significantly upon the continued involvement of our present management.***

Our success depends to a significant degree upon the involvement of our management, who are in charge of our strategic planning and operations. We may need to attract and retain additional talented individuals in order to carry out our business objectives. The competition for such persons could be intense and there are no assurances that these individuals will be available to us.

***Our business is subject to extensive regulation.***

As many of our activities are subject to federal, state and local regulation, and as these rules are subject to constant change or amendment, there can be no assurance that our operations will not be adversely affected by new or different government regulations, laws or court decisions applicable to our operations.

***Management will have broad discretion as to the use of the proceeds from this offering, and we may not use the proceeds effectively.***

Our management will have broad discretion in the application of the net proceeds from this offering and could spend the proceeds in ways that do not improve our results of operations or enhance the value of our common stock. Our failure to apply these funds effectively could have a material adverse effect on our business and cause the price of our common stock to decline.

***Government regulation and liability for environmental matters may adversely affect our business and results of operations.***

Crude oil and natural gas operations are subject to extensive federal, state and local government regulations, which may be changed from time to time. Matters subject to regulation include discharge permits for drilling operations, drilling bonds, reports concerning operations, the spacing of wells, unitization and pooling of properties and taxation. From time to time, regulatory agencies have imposed price controls and limitations on production by restricting the rate of flow of crude oil and natural gas wells below actual production capacity in order to conserve supplies of crude oil and natural gas. There are federal, state and local laws and regulations primarily relating to protection of human health and the environment applicable to the development, production, handling, storage, transportation and disposal of crude oil and natural gas, byproducts thereof and other substances and materials produced or used in connection with crude oil and natural gas operations. In addition, we may inherit liability for environmental damages caused by previous owners of property we purchase or lease. As a result, we may incur substantial liabilities to third parties or governmental entities. The implementation of new, or the modification of existing, laws or regulations could have a material adverse effect on us.

***Future increases in our tax obligations; either due to increases in taxes on energy products, energy service companies and exploration activities, or reductions in currently available federal income tax deductions with respect to oil and gas exploration and development, may adversely affect our results of operations and increase our operating expenses.***

Federal, state and local governments have jurisdiction in areas where we operate and impose taxes on the oil and natural gas products we sell. Recently there have been discussions by federal, state and local officials concerning a variety of energy tax proposals, some of which, if passed, would add or increase taxes on energy products, service companies and exploration activities. Additionally, the current administration has proposed legislation that would, if enacted into law, make significant changes to federal tax laws, including the elimination of certain key United States federal income tax incentives currently available to oil and natural gas exploration and production companies. These proposed changes include, but are not limited to: (1) the repeal of the percentage depletion allowance for oil and natural gas properties, (2) the elimination of current deductions for intangible drilling and development costs, (3) the elimination of the deduction for certain domestic production activities, and (4) an extension of the amortization period for certain geological and geophysical expenditures. It is unclear whether any such changes will be enacted into law or how soon any such changes could become effective in the event they were enacted into law. The passage of any legislation as a result of these proposals or any other changes in U.S. federal income tax laws could eliminate or increase the taxes that we are required to pay and consequently adversely affect our results of operations and/or increase our operating expenses.

***The crude oil and natural gas reserves we report in our SEC filings are estimates and may prove to be inaccurate.***

There are numerous uncertainties inherent in estimating crude oil and natural gas reserves and their estimated values. The reserves we report in our filings with the SEC now and in the future will only be estimates and such estimates may prove to be inaccurate because of these uncertainties. Reservoir engineering is a subjective and inexact process of estimating underground accumulations of crude oil and natural gas that cannot be measured in an exact manner. Estimates of economically recoverable crude oil and natural gas reserves depend upon a number of variable factors, such as historical production from the area compared with production from other producing areas and assumptions concerning effects of regulations by governmental agencies, future crude oil and natural gas prices, future operating costs, severance and excise taxes, development costs and work-over and remedial costs. Some or all of these assumptions may in fact vary considerably from actual results. For these reasons, estimates of the economically recoverable quantities of crude oil and natural gas attributable to any particular group of properties, classifications of such reserves based on risk of recovery, and estimates of the future net cash flows expected therefrom prepared by different engineers or by the same engineers but at different times may vary substantially. Accordingly, reserve estimates may be subject to downward or upward adjustment. Actual production, revenue and expenditures with respect to our reserves will likely vary from estimates, and such variances may be material.

Additionally, “probable” and “possible reserve estimates” (which the SEC began allowing effective January 1, 2010), which estimates are considered unproved reserves and as such, the SEC views such estimates to be inherently unreliable, may be misunderstood or seen as misleading to investors that are not “experts” in the oil or natural gas industry. Unless you have such expertise, you should not place undue reliance on these estimates. Except as required by applicable law, we undertake no duty to update this information and do not intend to update this information.

***Crude oil and natural gas development, re-completion of wells from one reservoir to another reservoir, restoring wells to production and exploration, drilling and completing new wells are speculative activities and involve numerous risks and substantial and uncertain costs.***

Our growth will be materially dependent upon the success of our future development program. Even considering our business philosophy to avoid wildcat wells, drilling for crude oil and natural gas and reworking existing wells involves numerous risks, including the risk that no commercially productive crude oil or natural gas reservoirs will be encountered. The cost of exploration, drilling, completing and operating wells is substantial and uncertain, and drilling operations may be curtailed, delayed or cancelled as a result of a variety of factors beyond our control, including: unexpected drilling conditions; pressure or irregularities in formations; equipment failures or accidents; inability to obtain leases on economic terms, where applicable; adverse weather conditions and natural disasters; compliance with governmental requirements; and shortages or delays in the availability of drilling rigs or crews and the delivery of equipment. Furthermore, we cannot provide investors with any assurance that we will be able to obtain rights to additional producing properties in the future and/or that any properties we obtain rights to will contain commercially exploitable quantities of oil and/or gas.

Drilling or reworking is a highly speculative activity. Even when fully and correctly utilized, modern well completion techniques such as hydraulic fracturing and horizontal drilling do not guarantee that we will find crude oil and/or natural gas in our wells. Hydraulic fracturing involves pumping a fluid with or without particulates into a formation at high pressure, thereby creating fractures in the rock and leaving the particulates in the fractures to ensure that the fractures remain open, thereby potentially increasing the ability of the reservoir to produce oil or gas. Horizontal drilling involves drilling horizontally out from an existing vertical well bore, thereby potentially increasing the area and reach of the well bore that is in contact with the reservoir. Our future drilling activities may not be successful and, if unsuccessful, such failure would have an adverse effect on our future results of operations and financial condition. We cannot assure you that our overall drilling success rate or our drilling success rate for activities within a particular geographic area will not decline. We may identify and develop prospects through a number of methods, some of which do not include lateral drilling or hydraulic fracturing, and some of which may be unproven. The drilling and results for these prospects may be particularly uncertain. Our drilling schedule may vary from our capital budget. The final determination with respect to the drilling of any scheduled or budgeted prospects will be dependent on a number of factors, including, but not limited to: the results of previous development efforts and the acquisition, review and analysis of data; the availability of sufficient capital resources to us and the other participants, if any, for the drilling of the prospects; the approval of the prospects by other participants, if any, after additional data has been compiled; economic and industry conditions at the time of drilling, including prevailing and anticipated prices for crude oil and natural gas and the availability of drilling rigs and crews; our financial resources and results; the availability of leases and permits on reasonable terms for the prospects; and the success of our drilling technology.



We cannot assure our shareholders that these projects can be successfully developed or that the wells discussed will, if drilled, encounter reservoirs of commercially productive crude oil or natural gas. There are numerous uncertainties in estimating quantities of proved reserves, including many factors beyond our control. If we are unable to find commercially exploitable quantities of oil and gas in any properties we may acquire in the future, and/or we are unable to commercially extract such quantities we may find in any properties we may acquire in the future, the value of our securities may decline in value.

***Because of the inherent dangers involved in oil and gas exploration, there is a risk that we may incur liability or damages as we conduct our business operations, which could force us to expend a substantial amount of money in connection with litigation and/or a settlement.***

The oil and natural gas business involves a variety of operating hazards and risks such as well blowouts, pipe failures, casing collapse, explosions, uncontrollable flows of oil, natural gas or well fluids, fires, spills, pollution, releases of toxic gas and other environmental hazards and risks. These hazards and risks could result in substantial losses to us from, among other things, injury or loss of life, severe damage to or destruction of property, natural resources and equipment, pollution or other environmental damage, cleanup responsibilities, regulatory investigation and penalties and suspension of operations. In addition, we may be liable for environmental damages caused by previous owners of property purchased and leased by us in the future. As a result, substantial liabilities to third parties or governmental entities may be incurred, the payment of which could reduce or eliminate the funds available for the purchase of properties and/or property interests, exploration, development or acquisitions or result in the loss of our properties and/or force us to expend substantial monies in connection with litigation or settlements. As such, there can be no assurance that any insurance we currently maintain or that we obtain in the future will be adequate to cover any losses or liabilities. We cannot predict the availability of insurance or the availability of insurance at premium levels that justify our purchase. The occurrence of a significant event not fully insured or indemnified against could materially and adversely affect our financial condition and operations. We may elect to self-insure if management believes that the cost of insurance, although available, is excessive relative to the risks presented. In addition, pollution and environmental risks generally are not fully insurable. The occurrence of an event not fully covered by insurance could have a material adverse effect on our financial condition and results of operations, which could lead to any investment in us declining in value or becoming worthless.

***We incur certain costs to comply with government regulations, particularly regulations relating to environmental protection and safety, and could incur even greater costs in the future.***

Our exploration, production and marketing operations are regulated extensively at the federal, state and local levels, as well as by the governments and regulatory agencies in the foreign countries in which we do business, and are subject to interruption or termination by governmental and regulatory authorities based on environmental or other considerations. Moreover, we have incurred and will continue to incur costs in our efforts to comply with the requirements of environmental, safety and other regulations. Further, the regulatory environment in the oil and gas industry could change in ways that we cannot predict and that might substantially increase our costs of compliance and, in turn, materially and adversely affect our business, results of operations and financial condition.

Specifically, as an owner or lessee and operator of crude oil and natural gas properties, we are subject to various federal, state, local and foreign regulations relating to the discharge of materials into, and the protection of, the environment. These regulations may, among other things, impose liability on us for the cost of pollution cleanup resulting from operations, subject us to liability for pollution damages and require suspension or cessation of operations in affected areas. Moreover, we are subject to the United States (U.S.) Environmental Protection Agency's (U.S. EPA) rule requiring annual reporting of greenhouse gas (GHG) emissions. Changes in, or additions to, these regulations could lead to increased operating and compliance costs and, in turn, materially and adversely affect our business, results of operations and financial condition.

We are aware of the increasing focus of local, state, national and international regulatory bodies on GHG emissions and climate change issues. In addition to the U.S. EPA's rule requiring annual reporting of GHG emissions, we are also aware of legislation proposed by U.S. lawmakers to reduce GHG emissions.

Additionally, there have been various proposals to regulate hydraulic fracturing at the federal level. Currently, the regulation of hydraulic fracturing is primarily conducted at the state level through permitting and other compliance requirements. Any new federal regulations that may be imposed on hydraulic fracturing could result in additional permitting and disclosure requirements (such as the reporting and public disclosure of the chemical additives used in the fracturing process) and in additional operating restrictions. In addition to the possible federal regulation of hydraulic fracturing, some states and local governments have considered imposing various conditions and restrictions on drilling and completion operations, including requirements regarding casing and cementing of wells, testing of nearby water wells, restrictions on the access to and usage of water and restrictions on the type of chemical additives that may be used in hydraulic fracturing operations. Such federal and state permitting and disclosure requirements and operating restrictions and conditions could lead to operational delays and increased operating and compliance costs and, moreover, could delay or effectively prevent the development of crude oil and natural gas from formations which would not be economically viable without the use of hydraulic fracturing.

We will continue to monitor and assess any new policies, legislation, regulations and treaties in the areas where we operate to determine the impact on our operations and take appropriate actions, where necessary. We are unable to predict the timing, scope and effect of any currently proposed or future laws, regulations or treaties, but the direct and indirect costs of such laws, regulations and treaties (if enacted) could materially and adversely affect our business, results of operations and financial condition.

***Our officers and directors have limited liability, and we are required in certain instances to indemnify our officers and directors for breaches of their fiduciary duties.***

We have adopted provisions in our Articles of Incorporation and Bylaws which limit the liability of our officers and directors and provide for indemnification by us of our officers and directors to the full extent permitted by Nevada corporate law. Our articles generally provide that our officers and directors shall have no personal liability to us or our shareholders for monetary damages for breaches of their fiduciary duties as directors, except for breaches of their duties of loyalty, acts or omissions not in good faith or which involve intentional misconduct or knowing violation of law, acts involving unlawful payment of dividends or unlawful stock purchases or redemptions, or any transaction from which a director derives an improper personal benefit. Such provisions substantially limit our shareholders' ability to hold officers and directors liable for breaches of fiduciary duty, and may require us to indemnify our officers and directors.

## **Risks Relating to Our Outstanding Securities**

***If the holders of our outstanding convertible securities and warrants sell a large number of shares all at once or in blocks after converting such convertible securities and exercising such warrants, or the holders of our registered shares sell a large number of shares, the trading value of our shares could decline in value.***

We currently have Series B Warrants outstanding to purchase an aggregate of 2,510,506 shares of common stock which have an exercise price of \$2.86 per share; outstanding warrants to purchase 150,630 shares of common stock held by our placement agent in our December 2010 unit offering, which have an exercise price of \$2.98 per share; and outstanding warrants to purchase 1,032,500 shares of common stock sold in April 2012, which have an exercise price of \$2.30 per share. The trading price of our common stock has recently fluctuated from between \$3.24 and \$1.04 per share during the last 52 weeks.

We also currently have 2,000 shares of Series A Convertible Preferred Stock and 554 shares of Series B Convertible Preferred Stock outstanding (collectively the "Preferred Stock Shares"), which shares each convert on a 1,000-for-one basis into shares of our common stock at the option of the holders thereof. Additionally, although the Preferred Stock Shares may not be converted if such conversion would cause the holder thereof to own more than 4.99% (9.99% in the case of the Series B Convertible Preferred Stock) of our outstanding common stock, this restriction does not prevent the holders from converting some of their Preferred Stock Shares, selling those shares and then converting the rest of their holdings, while still staying below the 4.99% and 9.99% limits, as applicable. In this way, the holders could sell more than this limit while never actually holding more shares than this limit allows. As of the date of this prospectus supplement, if the 2,554 outstanding Preferred Stock Shares were converted into common stock and sold (subject to the ownership limitations set forth above) an additional 2,554,000 shares of common stock of the Company or approximately 10% of the Company's currently outstanding shares, would be issued and outstanding.

We have 25,347,745 shares of common stock issued and outstanding as of the date of this prospectus supplement (not including shares proposed to be sold in the Offering). As a result, the exercise of outstanding warrants (including, but not limited to warrants which have an exercise price substantially below the current trading price of our common stock) or conversion of shares of Series A and Series B Preferred Stock in the future and the subsequent resale of such shares of common stock (which shares of common stock issuable upon exercise of the Series B Warrants, the placement agent warrants, the warrants sold in our April 2012 offering and the Warrants registered in this prospectus supplement, will be eligible for immediate resale, and which shares of common stock issuable upon conversion of the Series A and Series B Preferred Stock will be eligible for immediate resale subject to the terms and conditions of Rule 144) may cause dilution to existing shareholders and cause the market price of our securities to decline in value. Additionally, the common stock issuable upon exercise of the warrants or conversion of the Preferred Stock Shares may represent overhang that may also adversely affect the market price of our common stock. Overhang occurs when there is a greater supply of a company's stock in the market than there is demand for that stock. When this happens the price of the company's stock will decrease, and any additional shares which shareholders attempt to sell in the market will only further decrease the share price. Finally, the offer or sale of large numbers of shares of common stock in the future, including those shares previously registered in our registration statements and prospectus supplements, and/or in connection with future registration statements or prospectus supplements may cause the market price of our securities to decline in value.

***Nevada law and our Articles of Incorporation authorize us to issue shares of stock which shares may cause substantial dilution to our existing shareholders.***

We have authorized capital stock consisting of 100,000,000 shares of common stock, \$0.001 par value per share and 10,000,000 shares of preferred stock, \$0.001 par value per share. As of September 11, 2012, and prior to the Offering, we have 25,347,745 shares of common stock outstanding and 2,554 shares of preferred stock issued and outstanding, each convertible into 1,000 shares of our common stock. As a result, our Board of Directors has the ability to issue a large number of additional shares of common stock without shareholder approval, subject to the requirements of the NYSE MKT (which generally require shareholder approval for any transactions which would result in the issuance of more than 20% of our then outstanding shares of common stock or voting rights representing over 20% of our then outstanding shares of stock), which if issued could cause substantial dilution to our then shareholders. Shares of additional preferred stock may also be issued by our Board of Directors without shareholder approval, with voting powers and such preferences and relative, participating, optional or other special rights and powers as determined by our Board of Directors, which may be greater than the shares of common stock currently outstanding. As a result, shares of preferred stock may be issued by our Board of Directors which cause the holders to have majority voting power over our shares, provide the holders of the preferred stock the right to convert the shares of preferred stock they hold into shares of our common stock, which may cause substantial dilution to our then common stock shareholders and/or have other rights and preferences greater than those of our common stock shareholders. Investors should keep in mind that the Board of Directors has the authority to issue additional shares of common stock and preferred stock, which could cause substantial dilution to our existing shareholders. Additionally, the dilutive effect of any preferred stock which we may issue may be exacerbated given the fact that such preferred stock may have super voting rights and/or

other rights or preferences which could provide the preferred shareholders with substantial voting control over us subsequent to the date of this prospectus supplement and/or give those holders the power to prevent or cause a change in control. As a result, the issuance of shares of common stock and/or Preferred Stock may cause the value of our securities to decrease and/or become worthless.

***Shareholders may be diluted significantly through our efforts to obtain financing and/or satisfy obligations through the issuance of additional shares of our common stock.***

We currently have no committed source of financing. Wherever possible, our Board of Directors will attempt to use non-cash consideration to satisfy obligations. In many instances, we believe that the non-cash consideration will consist of restricted shares of our common stock. Our Board of Directors has authority, without action or vote of the shareholders, to issue all or part of the authorized but unissued shares of common stock (subject to NYSE MKT rules which limit among other things, the number of shares we can issue without shareholder approval to no more than 20% of our outstanding shares of common stock). These actions will result in dilution of the ownership interests of existing shareholders, and that dilution may be material.

***If persons engage in short sales of our common stock, including sales of shares to be issued upon exercise of our outstanding warrants, the price of our common stock may decline.***

Selling short is a technique used by a stockholder to take advantage of an anticipated decline in the price of a security. In addition, holders of options and warrants will sometimes sell short knowing they can, in effect, cover through the exercise of an option or warrant, thus locking in a profit. A significant number of short sales or a large volume of other sales within a relatively short period of time can create downward pressure on the market price of a security. Further sales of common stock issued upon exercise of our outstanding warrants could cause even greater declines in the price of our common stock due to the number of additional shares available in the market upon such exercise, which could encourage short sales that could further undermine the value of our common stock. You could, therefore, experience a decline in the value of your investment as a result of short sales of our common stock.

***The market price for our common stock may be volatile, and you may not be able to sell our stock at a favorable price or at all.***

Many factors could cause the market price of our common stock to rise and fall, including: actual or anticipated variations in our quarterly results of operations; changes in market valuations of companies in our industry; changes in expectations of future financial performance; fluctuations in stock market prices and volumes; issuances of dilutive common stock or other securities in the future; the addition or departure of key personnel; announcements by us or our competitors of acquisitions, investments or strategic alliances; and the increase or decline in the price of oil and natural gas.

It is possible that the proceeds from sales of our common stock may not equal or exceed the prices you paid for it plus the costs and fees of making the sales.

***Substantial sales of our common stock, or the perception that such sales might occur, could depress the market price of our common stock.***

We cannot predict whether future issuances of our common stock or resales in the open market will decrease the market price of our common stock. The impact of any such issuances or resales of our common stock on our market price may be increased as a result of the fact that our common stock is thinly, or infrequently, traded. The exercise of any options or the vesting of any restricted stock that we may grant to directors, executive officers and other employees in the future, the issuance of common stock in connection with acquisitions and other issuances of our common stock (including the sale of shares registered herein, those shares previously registered in our registration statements and prospectus supplements, and/or in connection with future registration statements or prospectus supplements) could have an adverse effect on the market price of our common stock. In addition, future issuances of our common stock may be dilutive to existing shareholders. Any sales of substantial amounts of our common stock in the public market, or the perception that such sales might occur, could lower the market price of our common stock.

***We face potential liability under the Amendment Agreement in the event we do not satisfy the current public information requirements of Rule 144(c) of the Securities Act of 1933, as amended, prior to the date the Series B Warrants and shares of common stock issuable upon exercise thereof have been sold by the holders thereof or have expired.***

In an effort to secure the funding for the Company's capital expenditure program and to avoid the unpredictable nature of the financial market, the Company provided incentives to the institutional investors who purchased securities in the Company's December 2010 unit offering to exercise the Series C Warrants they purchased as part of the offering by entering into an amendment to the original Series C Warrant Agreement on July 18, 2011 (the "Amendment Agreement"). Without changing the August 3, 2011, expiration date of the Series C Warrants, the Amendment Agreement required the investors to immediately exercise 25% of the Series C Warrants they held and the Company to lower the exercise price of the Series C Warrants to \$2.48 per share from the original exercise price of \$2.62 per share. Pursuant to the Series C Warrant Agreement, as amended, the investors exercised all of their remaining Series C Warrants on August 3, 2012 and a total of 2,510,506 shares of the Company's common stock were issued. Additionally, pursuant to the Amendment Agreement, we agreed that if at any time prior to the date that all of the Series B Warrants and any shares of common stock issuable upon exercise of such warrants are sold by the holders thereof, we fail to satisfy the current public information requirement of Rule 144(c) of the Securities Act of 1933, as amended (a "Public Information Failure"), as partial relief for the damages to any holder of warrants, we would pay the holders, based on their pro rata ownership of non-exercised and non-expired warrants on the first day of a Public Information Failure, an aggregate of \$80,000 for the first thirty calendar days that there is a Public Information Failure (pro-rated for a period of less than thirty days) and an amount in cash equal to one and one-half percent (1.5%) of the aggregate Black Scholes Value (as defined in the warrants) of such holder's non-exercised and non-expired warrants on the sixty-first (61st) calendar day after the Public Information Failure (covering the 31st to 60th calendar days) and on every thirtieth day (pro-rated for periods totaling less than thirty days) thereafter until the earlier of (i) the date such Public Information Failure is cured; (ii) such time that such public information is no longer required pursuant to Rule 144; and (iii) the expiration date of the warrants. Additionally, upon the occurrence of any Public Information Failure during the 12 months prior to the expiration of any warrant, the expiration date of such warrant will be automatically extended for one day for each day that a Public Information Failure occurs and is continuing. As such, in the event of the occurrence of a Public Information Failure, we will face liability and penalties under the Amendment Agreement.

***The Investors in the Company's December 2010 offering obtained a right of participation to provide additional funding to the Company.***

Pursuant to the Securities Purchase Agreements (the "Purchase Agreements"), with the investors who purchased an aggregate of 2,510,506 units in December 2010, the Company agreed that until December 30, 2012, the Company would not undertake any of the following: (A) directly or indirectly, file any registration statement with the SEC, or (B) directly or indirectly, offer, sell, grant any option to purchase, or otherwise dispose of (or announce any offer, sale, grant or any option to purchase or other disposition of) any of its equity securities, including without limitation any debt, preferred stock or other instrument or security (a "Subsequent Placement"), unless the Company first provides the investors notice of such Subsequent Placement and provides such investors an opportunity to purchase up to 25% of the securities offered in such Subsequent Placement pursuant to the terms and conditions described in greater detail in the Purchase Agreements.

As a result of the above, it may be harder for the Company to raise funding and/or issue securities in consideration for certain business purposes not exempt from the right of participation set forth in the Purchase Agreements, which could prevent the Company from meeting its capital needs, limit the Company's ability to grow its operations and implement its business plan and ultimately cause the value of the Company's securities to decline in value. It is anticipated that a total of 50,000 of the Units proposed to be sold in connection with the Offering will be sold to an investor from the December 2010 offering, in connection with such investor's right of participation.

***We incur significant costs as a result of operating as a fully reporting publicly-traded company and our management is required to devote substantial time to compliance initiatives.***

We incur significant legal, accounting and other expenses in connection with our status as a fully reporting public company. Specifically, we are required to prepare and file annual, quarterly and current reports, proxy statements and other information with the SEC. Additionally, our officers, directors and significant shareholders are required to file Form 3, 4 and 5's and Schedule 13D/G's with the SEC disclosing their ownership of the Company and changes in such ownership. Furthermore, the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") and rules subsequently implemented by the SEC have imposed various new requirements on public companies, including requiring changes in corporate governance practices. In addition, the Sarbanes-Oxley Act requires, among other things, that we maintain effective internal controls for financial reporting and disclosure of controls and procedures. The costs and expenses of compliance with SEC rules and our filing obligations with the SEC, or our identification of deficiencies in our internal controls over financial reporting that are deemed to be material weaknesses, could materially adversely affect our results of operations or cause the market price of our stock to decline in value.

## **DESCRIPTION OF SECURITIES WE ARE OFFERING**

Pursuant to this prospectus supplement and the accompanying prospectus, we are offering for sale an aggregate of 800,000 Units at \$1.65 per Unit, with each unit consisting of one share of common stock and 0.25 of a warrant to purchase one share of the Company's common stock at an exercise price of \$2.00 per share and a term of one year, for an aggregate of \$1,320,000 in gross proceeds. This prospectus also relates to the offering of shares of our common stock upon exercise, if any, of the Warrants.

### **Common Stock**

The material terms and provisions of our common stock are described in the section entitled "Description of Capital Stock - Common Stock" in the prospectus attached hereto. The shares of common stock issued in the Offering will be, when issued and paid for in accordance with the Subscription Agreements, duly and validly authorized, issued and fully paid and non-assessable.

## Warrants

The material terms and provisions of the Warrants being offered pursuant to this prospectus supplement and the accompanying prospectus are summarized below. This summary is subject to, and qualified in its entirety by, the form of Warrants, which will be provided to the investors in the Offering and was filed as Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC on September 11, 2012.

Each Warrant sold in the Offering has an exercise price of \$2.00 per share. The Warrants are exercisable any time, for one year following the date of the closing of the Offering.

If the registration statement pursuant to which the Warrants were issued is not effective and available for use at the time of any proposed exercise, the Warrants have cashless exercise rights. The Warrants also include a provision whereby the Investors are not eligible to exercise any portion of the Warrants that would result in them becoming the beneficial owner of more than 4.99% of the Company's common stock, subject to the holder's right to increase such amount to up to 9.99% of the Company's common stock with at least 61 days prior written notice to the Company.

Except as otherwise provided in the Warrants or by virtue of such holder's ownership of shares of our common stock, the holders of the Warrants do not have the rights or privileges of holders of our common stock, including any voting rights, until they exercise their Warrants.

There is no established public trading market for the Warrants, and we do not expect a market to develop. In addition, we do not intend to apply for listing of the Warrants on any national securities exchange or other nationally recognized trading system.

The Warrants also provide certain rights to the holders of such Warrants in the event the Company undertakes a merger or consolidation; sale, lease or similar transaction relating to substantially all of its assets; a purchase offer, tender offer or exchange offer, which is accepted by 50% of more of the holders of the Company's common stock; a reclassification, reorganization or recapitalization of the common stock, where the common stock is exchanged for other securities or property; or upon the consummation of a stock or share purchase agreement where a separate person or entity acquires more than 50% of the Company's common stock (each a "Fundamental Transaction"). Upon the occurrence of such Fundamental Transaction, the holder of the Warrant has the right to receive, at the option of the holder, for each share of common stock issuable upon exercise of the Warrants, such number of shares of common stock of the successor or acquiring corporation or of the Company, if it is the surviving corporation, and any additional consideration (the "Alternate Consideration") receivable as a result of such Fundamental Transaction by a holder (with such exercise price of the Warrants adjusted as applicable in connection with such Fundamental Transaction), provided that if the Company's security holders are given a choice in consideration received in connection with a Fundamental Transaction, the Warrant holder is provided the same choice. The Warrants also provide the holder thereof the right to require the Company to purchase the Warrant from the holder, in the event of the occurrence of a Fundamental Transaction other than one in which a successor entity that is a publicly traded corporation whose stock is quoted or listed for trading on an applicable exchange or market assumes the Warrant, for the Black Scholes Value of the Warrants, as calculated pursuant to the terms of such Warrants.

## PLAN OF DISTRIBUTION

We will enter into Subscription Agreements directly with the Investors in connection with this Offering and we may not sell the entire amount of Units, Shares and Warrants offered pursuant to this prospectus supplement and the related prospectus. The public offering price of the Units, Shares and Warrants offered hereby has been determined based upon arm's-length negotiations between the Investors and us. We have not engaged any placement agents, underwriters, dealers or finders for this Offering, and no fees or commissions will be payable in connection therewith.

Our obligation to issue and sell Units, Shares and Warrants to the Investors is subject to the conditions set forth in the Subscription Agreements, which may be waived by us at our discretion. An Investor's obligation to purchase Units, Shares and Warrants is subject to the conditions set forth in his or her Subscription Agreement as well, which may also be waived.

We currently anticipate that the sale of the Units, Shares and Warrants will be completed on or about September 11, 2012, at which time the following will occur:

- ? we will receive funds in the amount of the aggregate purchase price of the securities being sold by us on such closing date;
- ? We will deliver shares of common stock being sold on such closing date in book-entry form; and
- ? we will deliver Warrant agreements to the Investors in the Offering.

The Offering of Units pursuant to the Subscription Agreements will terminate on the closing date.

Our common stock currently is traded on the NYSE MKT under the symbol "LEI" The transfer agent and registrar for our common stock is ClearTrust, LLC.

The expenses directly related to this Offering are estimated to be approximately \$20,000 and will be paid by us. Expenses of the Offering include our legal and accounting fees, transfer agent fees, NYSE MKT listing fees and other miscellaneous fees.

The foregoing does not purport to be a complete statement of the terms and conditions of the Subscription Agreements. A copy of the form of Subscription Agreement with the Investors is included as Exhibit 10.1 to our Current Report on Form 8-K filed with the SEC on September 11, 2012, and incorporated by reference into the Registration Statement of which this prospectus supplement forms a part. See "Where You Can Find More Information" and "Incorporation Of Certain Documents By Reference" on page S-24.

## USE OF PROCEEDS

Lucas plans to use the net proceeds of approximately \$1,300,000 (after the deduction of approximately \$20,000 in expenses) from the sale of the Units in the Offering, assuming all Units offered herein are sold, of which there can be no assurance, to pay down expenses related to drilling, lease operating, and workover activities and for general corporate purposes, including general and administrative expenses, provided that we will retain broad discretion over the use of these proceeds.

Additionally, in the event that the Warrants are exercised for cash, we may receive up to a total of approximately \$400,000 in aggregate gross proceeds (assuming all of the Units offered herein are sold and all Warrants are exercised). However, we cannot predict the timing or the amount of the exercise of these securities. We plan to use the proceeds from the exercise of the Warrants for drilling, lease operating, workover activities and general corporate purposes, including general and administrative expenses, provided that we will retain broad discretion over the use of these proceeds, if any.

## DETERMINATION OF OFFERING PRICE

We will sell the Units in this Offering at a price of \$1.65 per Unit. We determined the offering price of the Units being offered by this prospectus supplement principally by negotiations between us and the prospective investors in the Offering and our consideration of the closing prices (including high, low and average prices) and trading volumes of our common stock on the NYSE MKT preceding the date we determined the offering price. No independent appraisal or valuation was obtained to determine the offering price.

## DILUTION

If you invest in our common stock, your ownership interest will be diluted to the extent of the difference between the price you paid per share of common stock in this Offering and the net tangible book value per share of our common stock after this Offering. Net tangible book value per share represents total tangible assets less total liabilities, divided by the number of shares of common stock outstanding. Dilution in net tangible book value per share represents the difference between the amount per share paid by purchasers of shares in this Offering and the net tangible book value per share of common stock immediately after the closing of this Offering.

Prior to this Offering, our pro forma net tangible book value as of June 30, 2012 would have been approximately \$33.1 million or approximately \$1.45 per share of common stock. On an as adjusted basis after this Offering (giving effect to recent issuances and to the sale of the shares in this Offering at the offering price of \$1.65 per share, after deducting the estimated offering expenses payable by us, and assuming that all Units offered herein are sold), our pro forma net tangible book value as of June 30, 2012 would have been approximately \$34.4 million, or \$1.46 per share of common stock. This represents an immediate increase in net tangible book value of \$0.01 per share to existing stockholders and an immediate dilution of \$0.19 per share to new Investors purchasing shares in this Offering at the offering price:

Public offering price per share:	\$	1.65
Net tangible book value per share as of June 30, 2012	\$	1.45
Increase in net tangible book value per share attributable to this Offering:	\$	0.01
Pro forma net tangible book value per share as of June 30, 2012 after giving effect to this Offering:	\$	<u>1.46</u>
Dilution per share to new Investors in this Offering:	\$	<u>0.19</u>

The foregoing table is based on 22,748,909 shares of our common stock outstanding as of June 30, 2012 and assumes no exercise of the Warrants.

To the extent that any of our outstanding options or warrants are exercised, our convertible preferred stock is converted, we grant additional options under our stock option plans or grant additional warrants, we issue additional convertible securities or we issue additional shares of common stock in the future, there may be further dilution to new investors.

#### **DIVIDEND POLICY**

We have never declared or paid any cash dividends with respect to our common stock. We currently intend to retain any future earnings to fund the development and growth of our business. We do not anticipate paying cash dividends on our common stock in the foreseeable future.

#### **LEGAL MATTERS**

The validity of the securities offered by this prospectus supplement have been passed upon for us by Woodburn and Wedge, Reno, Nevada.

#### **EXPERTS**

The consolidated balance sheet of Lucas Energy, Inc. as of March 31, 2012 and the related consolidated statements of operations, stockholders' equity, and cash flows for the year ended March 31, 2012, appearing in Lucas Energy Inc.'s Annual Report on Form 10-K for the year ended March 31, 2012 (the "Form 10-K") have been audited by Hein & Associates, LLP, as set forth in their report thereon, and incorporated herein by reference. The consolidated balance sheet of Lucas Energy, Inc. as of March 31, 2011 and the related consolidated statements of operations, stockholders' equity, and cash flows for the year ended March 31, 2011, appearing in the Form 10-K, have been audited by GBH CPAs, PC, as set forth in their report thereon, and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such reports given on the authority of such firms as experts in accounting and auditing.

Certain estimates of proved oil reserves for us that are incorporated herein by reference were based upon engineering reports prepared by Forrest A. Garb & Associates, Inc., independent petroleum consultants. These estimates are included and incorporated herein in reliance on the authority of such firm as an expert in such matters.

## WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly, and current reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the Internet at the SEC's web site at [www.sec.gov](http://www.sec.gov) and on the "Shareholder Information," "SEC Filings" page of our website at [www.lucasenergy.com](http://www.lucasenergy.com). Information on our web site is not part of this prospectus supplement, and we do not desire to incorporate by reference such information herein. You may also read and copy any document we file with the SEC at the SEC's Public Reference Room at 100 F Street N.E., Washington, D.C. 20549. You can also obtain copies of the documents upon the payment of a duplicating fee to the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. The SEC maintains an Internet site that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC like us.

This prospectus supplement is part of the registration statement and prospectus contained therein and does not contain all of the information included in the registration statement or prospectus. Whenever a reference is made in this prospectus supplement to any of our contracts or other documents, the reference may not be complete and, for a copy of the contract or document, you should refer to the exhibits that are a part of the registration statement. You should rely only on the information contained or incorporated by reference in this prospectus supplement and any supplement or amendment hereto. We have not authorized anyone to provide you with information different from that contained in this prospectus supplement and prospectus. The securities offered under this prospectus supplement and prospectus are offered only in jurisdictions where offers and sales are permitted. The information contained in this prospectus supplement and prospectus is accurate only as of the date of this prospectus supplement and prospectus, regardless of the time of delivery of this prospectus supplement and prospectus or any sale of the securities.

This prospectus supplement and prospectus constitutes a part of a registration statement we filed with the SEC under the Securities Act. This prospectus supplement and the prospectus do not contain all of the information set forth in the registration statement, certain parts of which are omitted in accordance with the rules and regulations of the SEC. For further information with respect to the Company and the Shares of common stock, Warrants and Units, reference is hereby made to the registration statement. The registration statement may be inspected at the public reference facilities maintained by the SEC at the addresses set forth in the paragraph above. Statements contained herein concerning any document filed as an exhibit are not necessarily complete, and, in each instance, reference is made to the copy of such document filed as an exhibit to the registration statement. Each such statement is qualified in its entirety by such reference.

## INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to "incorporate by reference" into this prospectus supplement and the prospectus the information we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus from the date on which we file that document. Any reports filed by us with the SEC (i) on or after the date of filing of the registration statement and prospectus and (ii) on or after the date of this prospectus supplement and before the termination of the Offering of the securities by means of this prospectus supplement will automatically update and, where applicable, supersede information contained in this prospectus supplement or incorporated by reference into this prospectus supplement.

We incorporate by reference the documents listed below, all filings filed by us pursuant to the Exchange Act after the date of the registration statement of which this prospectus supplement forms a part, and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, prior to the time that all securities covered by this prospectus supplement have been sold; provided, however, that we are not incorporating any information furnished under either Item 2.02 or Item 7.01 of any current report on Form 8-K:

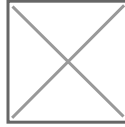
- Our Annual Report on Form 10-K for the fiscal year ended March 31, 2012, filed with the SEC on June 29, 2012;
- Our Amendment No. 1 to our Definitive Proxy Statement on Schedule 14A for an Annual Meeting of Shareholders, filed with the SEC on November 4, 2011;
- Our Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2012, filed with the SEC on August 14, 2012;
- Our Current Reports on Form 8-K filed with the SEC on April 16, 2012, April 19, 2012, July 23, 2012 and September 11, 2012; and
- The description of our common stock contained in our Registration Statement on Form 8-A, filed on February 13, 2008 (File No. 001-32508), which incorporates by reference the description of the shares of our common stock contained in our Registration Statement on Form SB-2 (File No. 333-147568) filed on November 21, 2007 and declared effective by the SEC on January 11, 2008, and any amendment or reports filed with the SEC for purposes of updating such description.

These documents contain important information about us, our business and our financial condition. You may request a copy of these filings, at no cost, by writing or telephoning us at:

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

All documents filed by us pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Act or the Exchange Act, excluding any information in those documents that are deemed by the rules of the SEC to be furnished but not filed, after the date of this filing and before the termination of this Offering shall be deemed to be incorporated in this prospectus supplement and to be a part hereof from the date of the filing of such document. Any statement contained in a document incorporated by reference herein shall be deemed to be modified or superseded for all purposes to the extent that a statement contained in this prospectus supplement or in any other subsequently filed document which is also incorporated or deemed to be incorporated by reference, modifies or supersedes such statement. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this prospectus supplement. You will be deemed to have notice of all information incorporated by reference in this prospectus supplement as if that information was included in this prospectus supplement.

We maintain an Internet website at [www.lucasenergy.com](http://www.lucasenergy.com) where the incorporated reports listed above can be accessed. Neither this website nor the information on this website is included or incorporated in, or is a part of, this prospectus supplement.



**Lucas Energy, Inc.**

- i) 800,000 shares of Common Stock;**
- (ii) 200,000 Warrants to purchase shares of Common Stock; and**
- (iii) 200,000 shares of Common Stock issuable upon exercise of Warrants**

**PROSPECTUS SUPPLEMENT**

**SEPTEMBER 11, 2012**

**You should rely only on the information contained in this prospectus. No dealer, salesperson or other person is authorized to give information that is not contained in this prospectus. This prospectus is not an offer to sell nor is it seeking an offer to buy these securities in any jurisdiction where the offer or sale is not permitted. The information contained in this prospectus is correct only as of the date of this prospectus, regardless of the time of the delivery of this prospectus or the sale of these securities.**

