

8-K - 2010-11-30

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8-K

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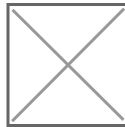
UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported) November 29, 2010



Lucas Energy, Inc.

(Exact name of registrant as specified in its charter)

Nevada  
(State or other jurisdiction of incorporation)

001-32508  
(Commission File  
Number)

98-0417780  
(I.R.S. Employer Identification No.)

3555 Timmons Lane,  
Suite 1550, Houston, Texas  
(Address of principal executive offices)

77027  
(Zip Code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

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

All statements that are included in this Report and the attachments hereto, other than statements of historical fact, are forward-looking statements. Forward-looking statements involve known and unknown risks, assumptions, uncertainties, and other factors. Statements made in the future tense, and statements using words such as "may," "can," "could," "should," "predict," "aim" "potential," "continue," "opportunity," "intend," "goal," "estimate," "expect," "expectations," "project," "projections," "plans," "anticipates," "believe," "think," "confident" "scheduled" or similar expressions are intended to identify forward-looking statements. Forward-looking statements are not a guarantee of performance and are subject to a number of risks and uncertainties, many of which are difficult to predict and are beyond our control, and which risks and uncertainties have been described in greater detail in our Form 10-K and Form 10-Q filings with the Commission. These risks and uncertainties could cause actual results to differ materially from those expressed in or implied by the forward-looking statements, and therefore should be carefully considered. We caution you not to place undo reliance on the forward-looking statements, which speak only as of the date of this Report. We disclaim any obligation to update any of these forward-looking statements as a result of new information, future events, or otherwise, except as expressly required by law.



**ITEM 7.01 REGULATION FD DISCLOSURE.**

Lucas Energy, Inc. (the “Company”, “we” or “us”) has prepared certain information which it plans to present to third parties in connection with a PowerPoint Presentation (the “Presentation”), which information includes certain projected revenue and growth information and projections, including projected growth in producing reserves for the 2011 through 2016 fiscal years; projected and planned wells to be completed in fiscal 2011; projected net asset value per share; projected development plans; and reserve analysis. A copy of the Presentation is being furnished as Exhibit 99.1 to this Form 8-K.

The information, disclosure and projections provided in the Presentation have not been audited or reviewed by the Company’s independent auditing firm or independent reserve and reservoir engineers. Such projections were provided for informational purposes only and such information may be materially different from the Company’s unaudited and audited financial information, third party reserve reports, and/or other information as filed in connection with the Company’s future Quarterly Reports on Form 10-Q and Annual Reports on Form 10-K. As such, investors are cautioned not to put undue influence on such information.

The information contained in this Item 7.01, including the related information set forth in the Presentation attached hereto and incorporated by reference herein, is being “furnished” and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended or otherwise subject to the liabilities of that section. The information in this Item 7.01 shall not be incorporated by reference into any registration statement or other document pursuant to the Securities Act of 1933, as amended, or into any filing or other document pursuant to the Securities Exchange Act of 1934, as amended, except as expressly set forth by specific reference in such a filing. By including this Item 7.01 disclosure in the filing of this Report on Form 8-K and furnishing this information, the Company makes no admission as to the materiality of any information in this report that is required to be disclosed solely by reason of Regulation FD.

**ITEM 8.01 OTHER EVENTS.**

On November 29, 2010, the Company filed a press release revising, as of September 30, 2010, the prior estimates as prepared by a third party valuation firm as of April 1, 2010, of its net present value at a 10% discount of its potential oil and gas reserves.

**ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS.**

**EXHIBIT    DESCRIPTION**  
**NO.**

- 99.1\*    PowerPoint Presentation
- 99.2\*    Press Release

\* Filed herewith.

## Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

### **LUCAS ENERGY, INC.**

By: /s/ William A. Sawyer  
Name: William A. Sawyer  
Title: President & CEO

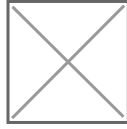
Date: November 30, 2010



**EX-99.1**

EX-99.1 2 ex99-1.htm POWERPOINT PRESENTATION

Exhibit 99.1



# Safe Harbor

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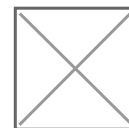
This presentation includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Act”) and Section 21E of the Securities Act of 1934, as amended (the “Exchange Act”). In particular, the words "believes," "expects," "intends," "plans," "anticipates," or "may," and similar conditional expressions are intended to identify forward-looking statements and are subject to the safe harbor created by these Acts. Any statements made in this presentation about an action, event or development, are forward-looking statements. Such statements are based upon assumptions that in the future may prove not to have been accurate and are subject to significant risks and uncertainties. Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, it can give no assurance that its forward-looking statements will prove to be correct.

Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of the Company. Statements regarding future drilling and production are subject to all of the risks and uncertainties normally incident to the exploration and development of oil and gas. These risks include, but are not limited to, completion risk, dry hole risk, price volatility, reserve estimation risk, regulatory risk, potential inability to secure oilfield service risk as well as general economic risks and uncertainties, as disclosed in the Company’s SEC filings. Investors are cautioned that any forward-looking statements are not guarantees of future performance and actual results or developments may differ materially from those projected. The forward-looking statements in this presentation are made as of the date hereof. The Company takes no obligation to update or correct its own forward-looking statements or those prepared by third parties that are not paid by the Company, except as required by law.

The Company’s complete SEC filings are available at <http://www.sec.gov>.

# Executive Summary

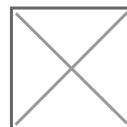
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Lucas Energy, Inc. (AMEX: LEI)

? Independent oil & gas producer

- Houston based
- Founded 2004, public 2006



? 19,200 gross acres; 14,200 net acres

- Primary: Gonzales and Wilson counties, TX
- Secondary: Karnes, Atascosa, Sabine counties, TX

? Strategy: Acquire and Exploit

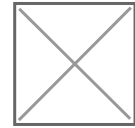
- Acquire, revitalize, and develop undervalued, under performing oil & gas assets

# Investment Highlights

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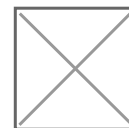


- Eagle Ford underlies 100% of Lucas acreage
  - One of foremost plays in US
  - Positioned in high value Eagle Ford oil window
  - Acreage acquired for \$300-400/acre, now selling >\$10,000
- Liquids focus vs. natural gas
  - Over 99% of revenue from oil
- Respected JV partners
  - Hilcorp Energy , Hall Phoenix Energy
- Accelerating production
  - Hilcorp Eagle Ford production targeted for January 2011
- Low risk, steady growth “acquire & exploit” strategy
  - Develop existing wells, stimulate and drill laterals
  - Inventory of 113 new laterals and work-over projects
- Undervalued compared to Net Asset Value and Peers
  - NAV: \$5.98/share
  - TEV/PV-10: Peers: 2.3x Lucas: 0.5x

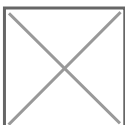


# Lucas Eagle Ford Position

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- One of foremost plays in US
  - Trend from Mexican border into East Texas
  - 99 current rigs; 15 in Jan. 2009
- Lucas assets in coveted liquids window
  - most Eagle Ford activity in gas window
- Local well characteristics
  - Production rates up to 1,000 BOPD
  - High permeability/porosity
  - Shallower than other shale plays



# Eagle Ford - Recent Deal Activity

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- 6/2010 - KKR Financial (NYSE: KFN) invests in 100,000 acres with Hilcorp Energy for \$6k/acre 
- 6/2010- Reliance Industries invests in 125,000 acres from Pioneer (NYSE: PXD) for \$11k/ acre
- 10/2010 - Statoil (NYSE: STO)and Talisman Energy (NYSE: TLM) acquire 97,000 acres from Enduring Resources for \$10,900/acre
- 10/2010 - CNOOC Ltd.(CEO) invests at \$10,800 per acre with Chesapeake (NYSE: CHK )
- 10/2010 - Plains Exploration (PXP) acquires 60,000 acres for \$9,600/acre

# Low Risk Strategy - Exploit v. Explore

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- Avoid exploration risk
  - Acquire and rework existing shut-in and stripper wells
  - Operate in proven areas with known geology and production history
  - existing well bores lower access cost to undeveloped pay zones
- Aggregate small leaseholds
  - Overlooked by well financed buyers
  - Landowners prefer smaller players over “one size fits all” approach
    - Custom deal terms
    - Ability to offer stock compensation and shared upside for

acreage

- Acquire detailed data
  - Map the trend
  - Acquire proprietary knowledge; run tests and logs
  - Hire local staff with knowledge of area wells and effective local recovery techniques
- JV with credible partners to reduce execution risk
  - Criteria for partners:
    - Active in the JV area
    - Well-financed
    - Solid industry reputation
    - Ability to operate new

drills

# Hilcorp Energy JV - Lucas' Strategy Illustrated

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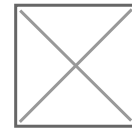
Minimum 2 wells per year through 2012





## First Lucas Eagle Ford Well Drilled in Gonzales County

- Hagen EF No.1H
  - 14,000 ft measured depth
  - 9,500 ft vertical depth
  - 5,300 ft lateral extension
  - 5.5 inch casing
- Working Interest: 15%
- Spud Date: October 20, 2010
- Drilling End Date: November 9, 2010
- Initial Production: Expect 500 bbls/day in early 2011
- Status: Fracture stimulation after completion of Hagen Ranch EF No. 2H
- Total Hilcorp cost for 2 horizontal wells and fracturing: ~\$15m
  - Lucas carried on first 2 wells



Hilcorp-Hagen EF No.1H well

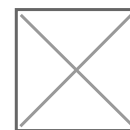
# Reserve Analysis - Incremental NAV Growth

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# Net Asset Value at September 30, 2010

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|                               |             |                |
|-------------------------------|-------------|----------------|
| • PV10 Reserve Potential      |             | \$ 83.65       |
| • Current Assets              |             | 2.09           |
| • Current Liabilities         | 3.36        |                |
| • Asset Retirement Obligation | <u>0.38</u> | <u>(3.74)</u>  |
| • Net Asset Value (millions)  |             | <u>\$ 82.0</u> |
| • # Shares outstanding        |             | 13.71          |
| • NAV per Share               |             | <u>\$ 5.98</u> |

# Eagle Ford Reserve Study

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- Internal Lucas study of economic ultimate recoveries (EUR) of Eagle Ford locations
- Collected from 151 well bores containing Eagle Ford potential
- Located in DeWitt, Dimmit, Frio, Gonzales, Karnes, LaSalle, Live Oak, McMullen, Webb, and Zavala counties
- Mean average of 394,000 BOE per well
- Median average of 338,000 BOE per well
- Top quartile average of 836,000 BOE per well
- Data ranges from 4,000 to 1,611,000 BOE per well

Note: BOE are barrels of oil equivalent; all data rounded to nearest thousand

# Reserve Analysis - PDP Growth

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Note: Assumes capital program from reserve report is funded from both internal and external sources.

# Asset Overview - Gonzales & Wilson County



## Gonzales 2011 Planned Wells

- Drilling budget: \$5.8MM
- PV-10 reserve potential: \$14MM
  - 3 Austin Chalk
    - Average depth: 7000 – 8000 ft
  - 4 Eagle Ford
    - Average depth: 8000 – 8100 ft
  - 6 Buda
    - Average depth: 8100 – 8200 ft

## Wilson 2011 Planned Wells

- Drilling budget: \$1.6MM
- PV-10 reserve potential: \$8.7MM
  - 3 Austin Chalk
    - Average depth: 6500 – 7500 ft
  - 6 Buda
    - Average depth: 7500 – 7600 ft

## Development Plan

- Focus on oil window of Eagle Ford trend
  - Detailed interpreted log data
- Add contiguous acreage for Hilcorp JV
- Add non-contiguous acreage outside JV
- Deepen existing wells
  - Kifer well
  - H.O.P.E. well
  - Mills well
  - Wright well

## Development Plan

- Focus on Buda trend re-entries
  - Detailed Buda data
  - Acquire EF data
- Recompletions and work-over of existing well bores
- Perforate for new lateral extensions
  - Bates
  - Wiatrek
  - Ebrom
  - Stobb
  - Snoga
  - Eschenburg

Note: Assumes capital program from reserve reports is funded from both internal and external sources.



# Management

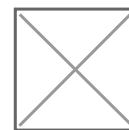
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- William Sawyer – President, CEO, Director
  - 35 years energy experience
    - ARCO, Houston Oil & Minerals, Superior Oil, ERCO
  - Registered professional engineer
  - Founder, Exploitation Engineers consulting firm
  - Expert witness, federal, state courts and state agencies in Texas and Oklahoma
  
- John O’Keefe – CFO
  - 35 years energy experience
    - Former President and CEO, Blast Energy Services Inc. (OTCBB:BESV)
    - Former CFO, Ivanhoe Energy Inc. (TSX:IE)
    - VP of Investor Relations & Communications, Santa Fe Snyder and Oryx Energy
  
- John Vise – Controller
  - 25 years experience: energy, automotive and manufacturing
  - Previously CFO, ECCO Energy
  
- Mary LeMond – Land Manager
  - 34 years energy experience
    - Rosetta Resources, ElPaso, Coast Oil & Gas, Damson Oil, Texas Eastern and Amoco
  - Certified Petroleum Land Technology and Division Order Analyst

# Board of Directors and Advisors

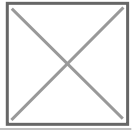
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- **Fred Hofheinz – Chairman of Board**
  - Texas E&P veteran,
    - President, Energy Assets International (now subsidiary of Torch Energy Advisors)
    - Director, XCL Ltd.
    - Founder/director, Carpatsky Petroleum
  - Former Houston Mayor
  - Former President, Texas Municipal League
  
- **Peter Grunebaum – Director, Chair of Audit Committee**
  - 40 years energy and E&P experience as independent investment banker
  - Director, Prepaid Legal Services, Inc. (NYSE:PPD) and Stonemor Partners LP. (NASDAQ: STON)
  
- **W. Andrew Krusen - Director, Chair of Compensation Committee**
  - Chairman & CEO, Dominion Financial
  - 30 years private equity experience
  - Director: Raymond James Trust Company, PetroCom, S&P Cellular, Florida Chamber of Commerce, Highpine Oil & Gas, C2C Fiber Networks, and Beall's Inc

# Investment Considerations

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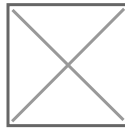
- South Texas oil pure-play with high value Eagle Ford exposure
- Accelerating production
- Top tier JV partners
- Low risk “acquire & exploit” growth strategy
- Undervalued compared to Net Asset Value and Peers



**EX-99.2**

EX-99.2 3 ex99-2.htm

**Exhibit 99.2**



**Lucas Energy Significantly Increases its Estimates of Eagle Ford Potential Reserves**

***For Immediate Release***

HOUSTON, TEXAS - (GlobeNewswire) – November 29, 2010 – Lucas Energy, Inc. (NYSE Amex - LEI) an independent oil and gas company based in Houston, Texas, has provided an internal management update based upon its revised Eagle Ford potential reserves (proved and probable) as of September 30, 2010.

The net present value at a 10% discount rate (“PV10”) of the potential reserves estimated for Lucas by Forrest A. Garb & Associates, Inc. (Garb) as of April 1, 2010 was \$51.9 million. Lucas performed an internal evaluation, as of September 30, 2010, and calculated an \$83.6 million PV10 valuation for Lucas potential reserves. Garb’s report as of April 1, 2010 estimated 2.7 million barrels of oil equivalent (BOE) of potential reserves, whereas Lucas’ internal report, as of September 30, 2010, had an estimated 4.3 million BOE of potential reserves.

William A. Sawyer, President and CEO of Lucas Energy, said “Lucas sees much greater potential reserves from the oil window of the Eagle Ford formation than previously recognized by industry reserve engineers. Our research and internal calculations of potential reserves and PV10 values are much higher than in April, which results in a revised net asset value for Lucas of approximately \$6 per share currently.”

The reason for the management update is based on the following major changes in key assumptions that have occurred since April 1, 2010: (a) Lucas collected data from 151 Eagle Ford wells in its area of activity, which averages 394,000 BOE of recoverable reserves from each lateral well bore versus the 150,000 BOE assumed by third party reserve engineers in April; (b) the number of lateral well bores with Eagle Ford potential owned by Lucas has increased from 10 wells at April 1, 2010 to 51 wells at September 30, 2010; and (c) the oil prices assumed at the time of the Garb report were assumed to average \$67.48 per barrel versus the \$73.19 per barrel average at September 30, 2010.

All oil and gas reserve quantities and discounted values are estimates by definition with inherent uncertainties and complexities implicit in their formulation. Lucas cannot assure its investors that all the potential reserve quantities and PV10 values it has estimated will be recognized as proved reserves in the Company’s upcoming third party reserve report as of April 1, 2011. For more information on this and other activities of the Company, see the Lucas Energy web site [www.lucasenergy.com](http://www.lucasenergy.com).

**Forward-Looking Statement**

This Press Release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Act”) and Section 21E of the Securities Act of 1934, as amended (the “Exchange Act”). In particular, the words "believes," "expects," "intends," "plans," "anticipates," or "may," and similar conditional expressions are intended to identify forward-looking statements and are subject to the safe harbor created by these Acts. Any statements made in this news release about an action, event or development, are forward-looking statements. Such statements are based upon assumptions that in the future may prove not to have been accurate and are subject to significant risks and uncertainties. Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, it can give no assurance that its forward-looking statements will prove to be correct. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of the Company. Statements regarding future drilling and production are subject to all of the risks and uncertainties normally incident to the exploration and development of oil and gas. These risks include, but are not limited to, completion risk, dry hole risk, price volatility, reserve estimation risk, regulatory risk, potential inability to secure oilfield service risk as well as general economic risks and uncertainties, as disclosed in the Company’s SEC filings. Investors are cautioned that any forward-looking statements are not guarantees of future performance and

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**Contacts:**

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