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

FORM 10-Q

[X] QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 2014
[ ] TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 001-32508

LUCAS ENERGY, INC.

(Exact name of registrant as specified in its charter)

Nevada	**20-2660243**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer", "non-accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Title of each class	**Number of Shares**
Common Stock, par value $0.001 per share	35,020,515 (as of February 11, 2015)

LUCAS ENERGY, INC.

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PART 1. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

LUCAS ENERGY, INC.
CONDENSED BALANCE SHEETS

	December 31, 2014 (Unaudited)	March 31, 2014
ASSETS		
Current Assets		
Cash	$ 266,330	$ 522,155
Accounts Receivable	344,349	609,097
Inventories	188,220	112,677
Other Current Assets	128,391	342,787
Total Current Assets	927,290	1,586,716
Property and Equipment		
Oil and Gas Properties (Full Cost Method)	49,522,406	49,554,069
Other Property and Equipment	422,249	444,924
Total Property and Equipment	49,944,655	49,998,993
Accumulated Depletion, Depreciation and Amortization	(12,308,510)	(11,190,505)
Total Property and Equipment, Net	37,636,145	38,808,488
Other Assets	194,680	343,273
Total Assets	$ 38,758,115	$ 40,738,477
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable	$ 2,841,249	$ 2,554,977
Common Stock Payable	7,577	11,250
Accrued Expenses	238,575	286,629
Current Portion of Long-Term Notes Payable	7,021,646	1,793,367
Total Current Liabilities	10,109,047	4,646,223
Asset Retirement Obligation	1,005,520	978,430
Long-Term Notes Payable, net of current portion	-	5,430,144
Commitments and Contingencies (see Note 10)		
Stockholders' Equity		
Preferred Stock Series A, 2,000 Shares Authorized of $0.001 Par, 500 Shares Issued and Outstanding as of December 31, 2014 and 2,000 Shares Issued and Outstanding as of March 31, 2014, respectively	773,900	3,095,600
Common Stock, 100,000,000 Shares Authorized of $0.001 Par, 34,995,563 Shares Issued and 34,958,663 Outstanding Shares at December 31, 2014 and 30,018,081 Issued and 29,981,181 Outstanding Shares at March 31, 2014, respectively	34,995	30,018
Additional Paid in Capital	57,322,003	52,995,987
Accumulated Deficit	(30,438,191)	(26,388,766)
Common Stock Held in Treasury, 36,900 Shares, at Cost	(49,159)	(49,159)
Total Stockholders' Equity	27,643,548	29,683,680
Total Liabilities and Stockholders' Equity	$ 38,758,115	$ 40,738,477

The accompanying notes are an integral part of these condensed financial statements.

LUCAS ENERGY, INC.
CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2014	**2013**	**2014**	**2013**
Operating Revenues				
Crude Oil	$ 682,803	$ 1,360,131	$ 2,617,668	$ 4,070,060
Natural Gas	-	-	-	-
Total Revenues	**$ 682,803**	**$ 1,360,131**	**$ 2,617,668**	**$ 4,070,060**
Operating Expenses				
Lease Operating Expenses	335,390	553,678	1,242,021	1,741,664
Severance and Property Taxes	81,611	69,545	230,871	220,225
Depreciation, Depletion, Amortization, and Accretion	388,220	601,950	1,203,700	1,700,962
General and Administrative	747,963	951,332	2,747,168	3,206,589
Total Expenses	1,553,184	2,176,505	5,423,760	6,869,440
Operating Loss	**$ (870,381)**	**$ (816,374)**	**$ (2,806,092)**	**$ (2,799,380)**
Other Expense (Income)				
Interest Expense	335,285	304,592	1,066,540	855,119
Other Expense (Income), Net	100,998	9,968	163,293	(20,268)
Total Other Expenses	436,283	314,560	1,229,833	834,851
Loss Before Income Taxes	**$ (1,306,664)**	**$ (1,130,934)**	**$ (4,035,925)**	**$ (3,634,231)**
Income Tax Expense	-	-	13,500	-
Net Loss	**$ (1,306,664)**	**$ (1,130,934)**	**$ (4,049,425)**	**$ (3,634,231)**
Net Loss Per Share				
Basic and Diluted	$ (0.04)	$ (0.04)	$ (0.12)	$ (0.13)
Weighted Average Shares Outstanding				
Basic and Diluted	34,651,086	29,961,338	33,047,634	28,133,842

The accompanying notes are an integral part of these condensed financial statements.

LUCAS ENERGY, INC.
CONDENSED STATEMENTS OF CASH FLOWS
Unaudited

	Nine Months Ended December 31,	
	2014	**2013**
Cash Flows from Operating Activities		
Net Loss	$ (4,049,425)	$ (3,634,231)
Adjustments to reconcile net losses to net cash used in operating activities:		
Depreciation, Depletion, Amortization and Accretion	1,203,700	1,700,962
Share-Based Compensation	159,952	365,608
Amortization of Discount on Notes	47,988	191,161
Amortization of Deferred Financing Costs	228,463	160,687
Settlement of Debt	(19,554)	(104,993)
Gain on Sale of Property and Equipment	(1,722)	(1,000)
Changes in Components of Working Capital and Other Assets		
Accounts Receivable	264,748	131,150
Inventories	(75,543)	(48,047)
Other Current Assets	214,396	(95,935)
Accounts Payable, Accrued Expenses and Interest Payable	858,222	(606,773)
Advances from Working Interest Owners	-	(1,384,085)
Net Cash Used in Operating Activities	**(1,168,775)**	**(3,325,496)**
Investing Cash Flows		
Additions of Oil and Gas Properties	(1,881,638)	(5,106,804)
Proceeds from Sale of Oil and Gas Properties	1,272,296	-
Additions of Other Property and Equipment	(324)	(146,370)
Proceeds from Sale of Other Property and Equipment	3,000	326,000
Net Cash Used in Investing Activities	**(606,666)**	**(4,927,174)**
Financing Cash Flows		
Net Proceeds from the Sale of Common Stock	1,802,090	3,328,057
Proceeds from Issuance of Notes Payable	-	10,750,000
Change in Restricted Cash to be used in Financing Activities	-	(150,000)
Deferred Financing Costs	(32,621)	(550,322)
Repayment of Borrowings	(249,853)	(4,125,000)
Net Cash Provided by Financing Activities	**1,519,616**	**9,252,735**
Increase (Decrease) in Cash and Cash Equivalents	(255,825)	1,000,065
Cash and Cash Equivalents at Beginning of the Period	522,155	450,691
Cash and Cash Equivalents at End of the Period	**$ 266,330**	**$ 1,450,756**

The accompanying notes are an integral part of these condensed financial statements.

LUCAS ENERGY, INC.
NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 - GENERAL

History of the Company. 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.

The accompanying unaudited interim condensed financial statements of Lucas Energy, Inc., ("Lucas" or the "Company") have been prepared in accordance with accounting principles generally accepted in the United States and the rules of the Securities and Exchange Commission, and should be read in conjunction with the audited financial statements and notes thereto contained in Lucas's annual report filed with the SEC on Form 10-K for the year ended March 31, 2014. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. Notes to the condensed financial statements which would substantially duplicate the disclosures contained in the audited financial statements for the most recent fiscal year 2014 as reported in the Form 10-K have been omitted.

The Company's fiscal year ends on the last day of March of the calendar year. The Company refers to the twelve-month periods ended March 31, 2015 and 2014 as its 2015 and 2014 fiscal years, respectively.

NOTE 2 – LIQUIDITY AND GOING CONCERN CONSIDERATIONS

At December 31, 2014, the Company's Total Current Liabilities of $10.1 million exceeded its Total Current Assets of $0.9 million, resulting in a working capital deficit of $9.2 million. At March 31, 2014, the Company's total current liabilities of $4.6 million exceeded its total current assets of $1.6 million, resulting in a working capital deficit of $3.0 million. The $6.2 million increase in the working capital deficit is primarily related to approximately $5.4 million of the long-term portion of the Company's Note Payable becoming current, a $0.26 million reduction in cash due to the payment of expenses with funds raised through the sale of equity and the amended loan agreements described below and a $0.26 million reduction in accounts receivable, as well as an additional $0.28 million in payables from working interest in non-operated wells and property taxes.

On April 21, 2014, the Company closed a registered direct offering of $2,000,000 (approximately $1.8 million net, after deducting commissions and other expenses) of securities, representing 3,333,332 units, each consisting of one share of common stock and 0.50 of one warrant to purchase one share of common stock at an exercise price of $1.00 per share to certain institutional investors (see "Note 7. Stockholders' Equity"). The Company used the funds raised in the offering to pay expenses related to lease operating, workover activities and for general corporate purposes, including general and administrative expenses.

On April 29, 2014 and effective March 14, 2014, the Company entered into an amended loan agreement relating to its long-term note, which had a balance of approximately $7.3 million as of March 14, 2014. Pursuant to the amended long-term note, we restructured the repayment terms to defer monthly amortizing principal payments which began on March 13, 2014, during the period from April 13, 2014 through September 13, 2014 (see "Note 6. Notes Payable").

On November 24, 2014, and effective on November 13, 2014, the Company entered into a second amended loan agreement relating to its long-term note, which had a balance of approximately $7.1 million as of November 13, 2014. Pursuant to the second amended long-term note, we restructured the repayment terms of the amended long-term note to defer the principal payment in the amount of $428,327 which was originally due on November 13, 2014, until December 13, 2014, as we were in the process of obtaining new financing, which new financing failed to close as a result of the subsequent precipitous decline in oil prices (see "Note 6. Notes Payable").

On February 3, 2015, the Company executed a Letter of Intent and Term Sheet for a proposed business combination with Victory Energy Corporation ("Victory") (see note "13 – Subsequent Events"). Victory and the Company are also negotiating the terms of a funding agreement that is expected to provide the capital necessary for the Company to satisfy its obligations for several Eagle Ford wells, critical accounts payable and to provide the Company with necessary working capital during the period prior to the consummation of the business combination.

Moving forward, the Company anticipates requiring approximately $8.0 million of additional funding over the next several months in order to participate in the drilling activities contemplated by the August 2014 participation agreement with Earthstone Energy, Inc., formally known as Oak Valley Resources ("Earthstone")(see "Note 4 Property and Equipment"). We also anticipate requiring additional funding of approximately $1.3 million for the current participation in the drilling of five Penn Virginia ("PVA") wells and for any additional drilling and workover activities on existing properties. In order to address the Company's capital obligations over the next several months and per the executed term sheet with Victory, the Company expects that funding of these obligations will come from a variety of sources, including certain affiliates of Victory. The Company anticipates these sources providing total funding of approximately $12 million during the business combination with Victory, with additional funding for post-closing debt reduction and expansion to exceed $8 million. The Company expects that as part of the proposed transaction, and funding permitting, seven of the Company's high-grade Eagle Ford wells with varying working interests will be funded and brought into production during the period from February through June of 2015, provided that certain interests in such wells and proceeds therefrom will be transferred to and/or owned by Victory or its affiliates. Based on nearby EOG Resources and Marathon Oil well production volumes, in addition to internal economic reservoir calculations, the Company anticipates that the monthly production revenue from these combined wells will exceed $1.1 million of revenue to the Company's interest, assuming a price per barrel of oil of $50, which would bring the Company into a positive cash-flow position and add significant proved producing reserves to the combined 2015 company portfolio.

The Company failed to make the required December 13, 2014 principal payment under the terms of the Second Amended Letter Loan (see "Note 6 – Note Payable" below). Specifically, on January 26, 2015, the Company received notice from a representative of its lender that it had defaulted on a payment. Consequently, the amount owed under the Second Amended Letter Loan of approximately $7.1 million will accrue at a default interest rate of 18% per annum. No further action has been taken by the Company's lender, who has waived certain required interest payments, which the Company also failed to pay, that were due in January 2015 and February 2015. The lender has also reserved the right to enter into an amended agreement with the Company at any time or to enforce any of their other rights under the Second Amended Letter Loan as a result of such default. Subsequently, the Company also failed to make the required January 13, 2015 and February 13, 2015 principal payments under the terms of the Second Amended Letter Loan.

Due to the nature of oil and gas interests, i.e., that rates of production generally decline over time as oil and gas reserves are depleted, if we are unable to drill additional wells and develop our proved undeveloped reserves (PUDs) or acquire additional operating properties, we believe that our revenues will continue to decline over time. Furthermore, in the event we are unable to raise additional funding in the future, we will not be able to participate with Earthstone in the drilling of planned additional wells, will not be able to complete other drilling and/or workover activities, and may not be able to make required payments on our outstanding liabilities, including the Second Amended Letter Loan, and in fact as described above, have not been able to make certain of such payments to date. As such, in the event we do not raise additional funding in the future, we may be forced to scale back our business plan, sell assets to satisfy outstanding debts or take other remedial steps.

These conditions raise substantial doubt about our ability to continue as a going concern for the next twelve months. The accompanying condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Accordingly, the financial statements do not include any adjustments relating to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company has provided a discussion of significant accounting policies, estimates and judgments in its 2014 Annual Report. There have been no changes to the Company's significant accounting policies since March 31, 2014.

NOTE 4 – PROPERTY AND EQUIPMENT

Oil and Gas Properties

Lucas uses the full cost method of accounting for oil and gas producing activities. Costs to acquire mineral interests in oil and gas properties, to drill and equip exploratory wells used to find proved reserves, and to drill and equip development wells including directly related overhead costs and related asset retirement costs are capitalized. Properties not subject to amortization consist of acquisition, exploration and development costs, which are evaluated on a property-by-property basis. Amortization of these unproved property costs begins when the properties become proved or their values become impaired and the corresponding costs are added to the capitalized costs subject to amortization. Costs of oil and gas properties are amortized using the units of production method. Amortization expense calculated per equivalent physical unit of production amounted to $36.20 per barrel of oil equivalent ("BOE") for the three months ended December 31, 2014, and was $38.11 per BOE for the three months ended December 31, 2013. Amortization expense calculated per equivalent physical unit of production amounted to $36.28 per BOE for the nine months ended December 31, 2014, and was $37.14 per BOE for the nine months ended December 31, 2013.

In applying the full cost method, Lucas performs an impairment test (ceiling test) at each reporting date, whereby the carrying value of property and equipment is compared to the "estimated present value," of its proved reserves discounted at a 10-percent interest rate of future net revenues, based on current economic and operating conditions at the end of the period, plus the cost of properties not being amortized, plus the lower of cost or fair market value of unproved properties included in costs being amortized, less the income tax effects related to book and tax basis differences of the properties. The price used in the ceiling test is the simple average first of the month price for the prior 12 months. If capitalized costs exceed this limit, the excess is charged as an impairment expense. As of December 31, 2014, no impairment of oil and gas properties was indicated.

All of Lucas's oil and gas properties are located in the United States. Below are the components of Lucas's oil and gas properties recorded at:

	December 31, 2014	March 31, 2014
Proved leasehold costs	$ 10,942,198	$ 11,354,136
Costs of wells and development	37,862,871	37,447,018
Capitalized asset retirement costs	717,337	752,915
Total oil and gas properties	49,522,406	49,554,069
Accumulated depreciation and depletion	(12,058,355)	(10,991,064)
Net capitalized costs	$ 37,464,051	$ 38,563,005

On August 26, 2014, the Company signed a binding participation agreement with Earthstone Energy, Inc., formally known as Oak Valley Resources LLC ("Earthstone"), to jointly develop the Company's Karnes County, Texas acreage in the Eagle Ford shale formation. At closing on August 31, 2014, Lucas received $444,285 for a 50% working interest on approximately 400 acres. Earthstone will manage the drilling of the wells and each company will bear 50% of the drilling and completion costs. Once the wells are on production and initial oil sales begin, all revenues and operating costs will also be split between the parties on a 50% basis each. The first well was expected to be spudded in early January 2015; however, due to the recent and significant decline in oil prices and rig scheduling, the first well is now expected to be spudded some time during our fiscal year 2016 first quarter. The joint venture expects to drill a minimum of two wells on the property. On September 2, 2014, Lucas obtained a new lease and was able to increase its Eagle Ford shale working interest share in certain Gonzales County, Texas properties from 15% to 100%. As a result, we capitalized approximately $228,000 in leasehold costs.

On October 10, 2014, the Company completed the sale of its 100% working interest in oil and gas leases and wells/wellbores in Madison County, Texas for $700,000. The cash transaction included approximately 450 net mineral acres primarily in the Buda and Glen Rose formations. Management determined this acreage to be non-core and has utilized the proceeds to purchase leaseholds in Gonzales County, Texas in addition to debt service and for general corporate purposes.

NOTE 5 – ASSET RETIREMENT OBLIGATIONS

The following table presents the reconciliation of the beginning and ending aggregate carrying amounts of long-term legal obligations associated with the retirement of oil and gas property and equipment for the nine-month period ended December 31, 2014. Lucas does not have short-term asset retirement obligations as of December 31, 2014.

Carrying amount at beginning of period - March 31, 2014	$ 978,430
Accretion	63,973
Reduction for sale of oil and gas property	(36,883)
Carrying amount at end of period - December 31, 2014	$ 1,005,520

NOTE 6 – NOTE PAYABLE

Effective on August 13, 2013, Lucas entered into a Letter Loan Agreement with Louise H. Rogers (the "Letter Loan"). In connection with the Letter Loan and a Promissory Note entered into in connection therewith, Ms. Rogers loaned the Company $7.5 million (the "Loan"). The Loan accrues interest at the rate of 12% per annum (18% upon the occurrence of an event of default), can be prepaid by Lucas at any time without penalty after November 13, 2013 and is due and payable on August 13, 2015, provided that $75,000 in interest only payments were due on the Loan during the first six months of the term (which were escrowed by Lucas) and beginning on March 13, 2014, Lucas was required to make monthly amortization principal payments equivalent to the sum of fifty-percent of the Loan during months seven through twenty-four of the term (which requirement has since been modified by the amendment described below). An escrow deposit of $450,000 for the first six months interest was recorded as restricted cash within the balance sheet, with no balance outstanding on the balance sheet as of December 31, 2014. Lucas is also required to make mandatory prepayments of the loan in the event the collateral securing the Loan does not meet certain thresholds and coverage ratios. The repayment of the Loan is secured by a security interest in substantially all of Lucas's assets which was evidenced by a Security Agreement and a Mortgage, Deed of Trust, Assignment, Security Agreement, Financing Statement and Fixture Filing. Lucas agreed to pay a $15,000 quarterly administrative fee in connection with the Loan and grant the administrator a warrant to purchase up to 279,851 shares of Lucas's common stock at an exercise price of $1.35 per share and a term continuing until the earlier of (a) August 13, 2018; and (b) three years after the payment in full of the Loan. On August 16, 2013, a portion of the funds raised in connection with the Loan were used to repay $3.25 million in outstanding notes issued in April and May 2013. The Company also capitalized approximately $480,000 in deferred financing costs in relation to expenses incurred in the execution of the Letter Loan.

The Company recorded the fair value of warrants issued in connection with the Note Payable as a discount on the Note and amortizes the discount through non-cash interest expense using the effective interest method over the term of the debt. The fair value of the 279,851 Letter Loan warrants was recorded as a $127,963 debt discount, of which, $90,644 has been amortized as of December 31, 2014.

Effective on April 29, 2014, the Company entered into an Amended Letter Loan Agreement (the "Amended Letter Loan") and Amended and Restated Promissory Note (the "Amended Note"), each effective March 14, 2014, in connection with the Letter Loan. Pursuant to the Amended Letter Loan and Amended Note, we restructured the repayment terms of the original Letter Loan and Promissory Note to defer monthly amortizing principal payments which began on March 13, 2014, during the period from April 13, 2014 through September 13, 2014, during which six month period interest on the Amended Note accrued at 15% per annum (compared to 12% per annum under the terms of the original Promissory Note). Beginning on October 13, 2014, the interest rate of the Amended Note returned to 12% per annum and we were required to pay the monthly amortization payments in accordance with the original repayment schedule (which total approximately $205,000 to $226,000, depending on the due date), as well as additional principal amortization payments of approximately $266,000 every three months (beginning October 13, 2014, and ending on July 13, 2015) until maturity, with approximately $3.87 million due on maturity, which maturity date remained August 13, 2015. Additionally, we agreed to pay all legal expenses of the lender related to the amendments and agreed to (i) pay $25,000 and (ii) issue 75,000 shares of restricted common stock, to Robertson Global Credit, LLC ("Robertson"), the administrator of the Loan, as additional consideration for the modifications. Should we opt to prepay the Amended Note prior to the maturity date, we are required to pay an exit fee equal to the advisory fees of approximately $15,000 per quarter that would have been due, had the note remained outstanding through maturity.

The Company capitalized approximately $80,000 in additional deferred financing costs in relation to expenses incurred in connection with the execution of the Amended Letter Loan. Together, with the initial Letter Loan and the Amended Letter Loan, the Company has paid approximately $1.3 million in cash interest and amortized approximately $380,000 in deferred financing cost as of December 31, 2014.

On November 24, 2014, and effective on November 13, 2014, the Company entered into a Second Amended Letter Loan Agreement (the "Second Amended Letter Loan") and Second Amended and Restated Promissory Note (the "Second Amended Note"), in connection with the Letter Loan and the Amended Letter Loan. Pursuant to the Second Amended Letter Loan and Second Amended Note, we restructured the repayment terms of the Amended Letter Loan and Amended Note to defer the principal payment in the amount of $428,327 which was originally due on November 13, 2014, until December 13, 2014, as we were in the process of obtaining new financing, which new financing failed to close as a result of the subsequent precipitous decline in oil prices. Additionally, the Second Amended Letter Loan and Second Amended Note provides that (a) amounts outstanding under the Second Amended Note will accrue interest at the rate of 15% per annum and (b) additional principal amortization payments of approximately $266,000 are due every three months (beginning January 13, 2015, and ending on July 13, 2015) until maturity, with approximately $3.87 million due on maturity, which maturity date remained August 13, 2015. Additionally, we agreed to pay all legal expenses of the lender related to the amendments and agreed to pay $15,000 to Robertson Global Credit, LLC ("Robertson"), the administrator of the Loan, as additional consideration for the modifications.

We failed to make the required December 13, 2014 principal payment under the terms of the Second Amended Letter Loan. Specifically, on January 26, 2015, we received notice from a representative of Ms. Rogers that we had defaulted on a payment. Consequently, the amount owed under the Second Amended Letter Loan and Second Amended Note of approximately $7.1 million will accrue at a default interest rate of 18% per annum. No further action has been taken by Ms. Rogers to date, who has waived required interest payments, which we also failed to pay, that were due in January 2015 and February 2015. Ms. Rogers has also reserved the right to enter into an amended agreement with Lucas at any time or enforce any and all other rights under the Second Amended Letter Loan as a result of such default. Subsequently, we also failed to make the required January 13, 2015 and February 13, 2015 principal payments under the terms of the Second Amended Letter Loan.

The Second Amended Note still has an August 31, 2015 maturity date; therefore, the outstanding balance of the Note Payable is $7,021,646 (net of the remaining $37,319 note discount) and listed as a current liability in the balance sheet as of December 31, 2014.

NOTE 7 – STOCKHOLDERS' EQUITY

Preferred Stock

As of December 31, 2014, the Company has 500 shares of Series A Convertible Preferred Stock issued and outstanding. Each share of the Series A Convertible Preferred Stock is convertible into 1,000 shares of the Company's common stock and has no liquidation preference and no maturity date. Additionally, the conversion rate of the Series A Convertible Preferred Stock adjusts automatically in connection with and in proportion to any dividends payable by the Company in common stock.

Common Stock

The following summarizes Lucas's common stock activity during the nine-month period ended December 31, 2014:

		Common Shares			
		Issued			
	Amount (a)	Per Share	Shares	Treasury	Outstanding
Balance at March 31, 2014			30,018,081	(36,900)	29,981,181
Registered Direct Unit Offering	$ 1,802,090	$ 0.54	3,333,332	-	3,333,332
Restricted Stock Consideration	47,250	0.63	75,000	-	75,000
Preferred Stock Series A Conversion	2,321,700	1.55	1,500,000	-	1,500,000
Share-Based Compensation	31,781	0.46	69,150	-	69,150
Balance at December 31, 2014			34,995,563	(36,900)	34,958,663

(a) Net proceeds or fair market value on grant date, as applicable.

On April 15, 2014, the Company agreed to sell an aggregate of 3,333,332 units to certain institutional investors at a purchase price of $0.60 per unit or $2 million in aggregate, with each unit consisting of one share of common stock (the "Shares") and 0.50 of a warrant to purchase one share of the Company's common stock at an exercise price of $1.00 per share and a term of five years (the "Warrants", and collectively with the Shares, the "Units"). On April 21, 2014, the offering closed, and the Company subsequently received an aggregate of $2,000,000 in gross funding and a net of approximately $1.8 million (after deducting associated legal and placement agent fees). In total, the Company sold 3,333,332 shares of common stock and warrants to purchase 1,666,666 shares of common stock. The Company used the funds raised in the offering to pay expenses related to lease operating, workover activities and for general corporate purposes, including general and administrative expenses.

On April 29, 2014, in connection with our entry into the Amended Letter Loan Agreement (see "Note 6. Notes Payable"), we agreed to issue 75,000 shares of restricted common stock at a purchase price of $0.63 per share (the closing sales price of the Company's common stock on April 29, 2014), to Robertson Global Credit, LLC ("Robertson"), the administrator of the Loan, as additional consideration for the modifications. The listing of the shares was formally approved by the NYSE MKT LLC on May 8, 2014 and subsequently issued to Robertson on May 16, 2014.

Effective October 21, 2014, the holder of our Series A Convertible Preferred Stock converted 1,500 shares of such Series A Convertible Preferred Stock into 1,500,000 shares of our common stock.

See Note 9 – Share-Based Compensation for information on common stock activity related to Share-Based Compensation, including shares granted to the board of directors, officers, employees and consultants.

Warrants

During the nine months ended December 31, 2014, no warrants were exercised or cancelled. As discussed above, the Company granted warrants to purchase 1,666,666 shares with an exercise price of $1.00 per share and a term of five years in connection with the sale of units in the Company's unit offering in April 2014. The warrants are treated as an equity instrument since the exercise price and shares are known and fixed at the date of issuance, and no other clause in the agreement requires the warrants to be treated as a liability.

The following is a summary of the Company's outstanding warrants at December 31, 2014:

Warrants Outstanding	Exercise Price ($)	Expiration Date	Intrinsic Value at December 31, 2014
2,510,506 (1)	2.86	July 4, 2016	$ -
1,032,500 (2)	2.30	October 18, 2017	-
275,000 (3)	1.50	April 4, 2018	-
50,000 (4)	1.50	May 31, 2018	-
279,851 (5)	1.35	August 13, 2018	-
1,666,666 (6)	1.00	April 21, 2019	-
5,814,523			$ -

(1) Series B Warrants issued in connection with the sale of units in the Company's unit offering in December 2010. The Series B Warrants became exercisable on July 4, 2011 and will remain exercisable thereafter until July 4, 2016.
(2) Warrants issued in connection with the sale of units in the Company's unit offering in April 2012. The warrants became exercisable on October 18, 2012, and will remain exercisable thereafter until October 18, 2017.
(3) Warrants issued in connection with the issuance of the April 2013 Notes, for which the outstanding principal and interest was paid in full on August 16, 2013. The warrants were exercisable on the grant date (April 4, 2013) and remain exercisable until April 4, 2018.
(4) Warrants issued in connection with the issuance of the May 2013 Notes, for which the outstanding principal and interest was paid in full on August 16, 2013. The warrants were exercisable on the grant date (May 31, 2013) and remain exercisable until May 31, 2018.
(5) Warrants issued in connection with the Letter Loan. The warrants were exercisable on the grant date (August 13, 2013) and remain exercisable until the earlier of (a) August 13, 2018; and (b) three years after the payment in full of the Loan.
(6) Warrants issued in connection with the sale of units in the Company's unit offering in April 2014. The Warrants became exercisable on April 21, 2014 and will remain exercisable thereafter until April 21, 2019.

NOTE 8 – INCOME TAXES

The Company has estimated that its effective tax rate for Federal purposes will be zero for the 2015 fiscal year and consequently, recorded no provision or benefit for income taxes for the nine months ended December 31, 2014.

The Income Tax Expense recognized by the Company in the income statement for the nine months ended December 31, 2014 relates to a Texas state franchise tax of approximately $44,500 ($31,000 of which was accrued in a prior period), and is not related to any federal income tax. The Company was not assessed any Texas state franchise taxes in the prior year.

NOTE 9 – SHARE-BASED COMPENSATION

Lucas measures the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award over the vesting period.

Common Stock

Lucas issued 69,150 shares of its common stock with an aggregate grant date fair value of $31,781 during the nine-month period ended December 31, 2014, which were valued based on the trading value of Lucas's common stock on the date of grant. The shares were awarded according to the employment agreements with certain officers and other managerial personnel.

Stock Options

Of the Company's outstanding options, no options were exercised or forfeited during the nine months ended December 31, 2014.

The following table sets forth stock option activity for the nine-month periods ended December 31, 2014 and 2013:

	Nine Months Ended December 31, 2014		Nine Months Ended December 31, 2013	
	Number of Stock Options	Weighted Average Grant Price	Number of Stock Options	Weighted Average Grant Price
Outstanding at March 31	914,468	$ 1.39	819,668	$ 1.55
Granted	-	-	400,000	1.13
Expired/Cancelled	(254,168)	1.12	(305,200)	1.49
Outstanding at December 31	660,300	$ 1.49	914,468	$ 1.39

No stock options were granted during the nine months ended December 31, 2014. Compensation expense related to stock options during the three-month and nine-month periods ended December 31, 2014 was $36,311 and $117,690, respectively.

During the quarter ended December 31, 2014, 216,668 options expired and 37,500 options were cancelled due to the resignation of Ken Daraie, W. Andrew Krusen, Jr. and Ryan J. Morris from the Board of Directors of Lucas on October 10, 2014.

Options outstanding and exercisable at December 31, 2014 and December 31, 2013 had no intrinsic value, respectively. The intrinsic value is based upon the difference between the market price of Lucas's common stock on the date of exercise and the grant price of the stock options.

The following tabulation summarizes the remaining terms of the options outstanding:

Exercise Price ($)	Remaining Life (Yrs.)	Options Outstanding	Options Exercisable
1.28	0.5	50,000	50,000
2.07	5.8	72,000	72,000
0.98	2.0	187,500	187,500
1.63	2.8	100,800	50,400
1.74	2.8	150,000	150,000
1.61	2.8	50,000	-
1.58	3.1	50,000	-
	Total	660,300	509,900

As of December 31, 2014, total unrecognized stock-based compensation expense related to all non-vested stock options was $113,259, which is being recognized over a weighted average period of approximately 1.8 years.

On December 27, 2013, the Company's Board of Directors adopted, subject to the ratification of the shareholders, the Company's 2014 Stock Incentive Plan ("2014 Incentive Plan"). At the annual shareholder meeting held on February 13, 2014, Company shareholders approved the 2014 Incentive Plan providing for the Company to issue up to 1,000,000 shares of common stock to officers, directors, employees, contractors and consultants for services provided to the Company. The Company registered shares to be issued under the 2014 Incentive Plan in a Form S-8 registration statement filed with the SEC in May 2014.

In addition to the 2014 Incentive Plan noted above, in prior periods, the shareholders of the Company approved the Company's 2012 and 2010 Stock Incentive Plans (together with the 2014 Incentive Plan, "the Plans"). The Plans are intended to secure for the Company the benefits arising from ownership of the Company's common stock by the employees, officers, directors and consultants of the Company, all of whom are and will be responsible for the Company's future growth. The Plans provide an opportunity for any eligible employee, officer, director or consultant of the Company to receive incentive stock options, nonqualified stock options, restricted stock, stock awards and shares in performance of services. There were 1,705,017 shares available for issuance under the Plans as of December 31, 2014.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Legal Proceedings. From time to time, we may become party to litigation or other legal proceedings that we consider to be a part of the ordinary course of our business. We are not currently involved in any legal proceedings that we believe could reasonably be expected to have a material adverse effect on our business, prospects, financial condition or results of operations. We may become involved in material legal proceedings in the future.

NOTE 11 – POSTRETIREMENT BENEFITS

Lucas maintains a matched defined contribution savings plan for its employees. During the three-month and nine-month periods ended December 31, 2014, Lucas's total costs recognized for the savings plan were $9,126 and $33,651, respectively. During the three-month and nine-month periods ended December 31, 2013, Lucas's total costs recognized for the savings plan were $8,051 and $23,007, respectively.

NOTE 12 – SUPPLEMENTAL CASH FLOW INFORMATION

Net cash paid for interest and income taxes was as follows for the nine-month periods ended December 31, 2014 and 2013:

	Nine Months Ended December 31,	
	2014	2013
Interest	$ 780,556	$ 465,771
Income Taxes	44,500	15,000

Non-cash investing and financing activities for the nine-month periods ended December 31, 2014 and 2013 included the following:

	Nine Months Ended December 31,	
	2014	2013
Accrued Capital Expenditures Included in Accounts Payable and Accrued Liabilities	622,649	1,589,962
Discount on Note Payable	-	292,464
Issuance of Restricted Stock for Amended Loan	47,250	-
Conversion of Preferred Stock to Common Stock	2,321,700	-
Decrease in Asset Retirement Obligations	(36,883)	-

NOTE 13 – SUBSEQUENT EVENTS

On February 3, 2015, Lucas executed a Letter of Intent and Term Sheet for a proposed business combination with Victory Energy Corporation (“Victory”). The business combination is contingent on the signing of a definitive merger agreement, which will contain customary terms and conditions, and the closing of the transactions contemplated by such agreement. The parties expect that the business combination will involve the issuance of equity by Lucas to Victory's shareholders with no cash payment being made. The parties also expect that upon completion of the business combination, the shareholders of Victory and Victory's partner Navitus Energy Group will own more than a majority of Lucas’s outstanding shares of common stock.

The letter of intent contains a binding exclusivity provision that requires the two companies to work toward a definitive merger agreement to the exclusion of other potential merger partners, subject to the terms thereof. Victory and Lucas are also negotiating the terms of a funding agreement that is anticipated to provide the capital necessary for Lucas to satisfy its obligations for several Eagle Ford wells, critical accounts payable and to provide Lucas with necessary working capital during the period prior to the consummation of the business combination.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, (the "Securities Act") and Section 21E of the Securities Exchange Act of 1934, as amended, (the "Exchange Act"). These forward-looking statements are generally located in the material set forth below under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" but may be found in other locations as well. For a more detailed description of the risks and uncertainties involved, the following discussion and analysis should be read in conjunction with management's discussion and analysis contained in Lucas's Annual Report on Form 10-K for the fiscal year ended March 31, 2014 (the "2014 Annual Report") and related discussion of our business and properties contained therein.

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 which include, among others:

- our growth strategies;
- anticipated trends in our business;
- our ability to make or integrate acquisitions;
- our ability to repay outstanding loans and satisfy our outstanding liabilities;
- 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;
- legal proceedings and/or the outcome of and/or negative perceptions associated therewith;
- planned capital expenditures (including the amount and nature thereof);
- increases in oil and gas production;
- changes in the market price of oil and gas;
- changes in the number of drilling rigs available;
- 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 under the "Risk Factors" section of this report and other sections of this report 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;
- our ability to negotiate definitive business combination agreements and close our planned acquisition with Victory;
- our ability to maintain the listing of our common stock on the NYSE MKT;
- 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 report or the date of any document incorporated by reference in this report. 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 report or to reflect the occurrence of unanticipated events.

Overview

Lucas Energy, Inc., a Nevada corporation, is an independent oil and natural gas company based in Houston, Texas (herein the "Company", "Lucas", "Lucas Energy" or "we"). We are engaged in the acquisition and development of crude oil and natural gas from various known productive geological formations, including the Austin Chalk and Eagle Ford formations, primarily in Gonzales, Wilson and Karnes counties south of the city of San Antonio, Texas.

We continue to operate with sound judgment keeping lower overall costs as a priority while pursuing a strategic partnership, acquisitions and mergers with a focus on development of reserves, increasing revenue and improving shareholder value. As to be expected, the Company has been in a production maintenance mode through this process, and the minimal capital outlay for development has curbed the expected decline in costs on a per barrel basis.

The Company is taking an aggressive growth posture toward developing our leaseholds through partnering with a highly-regarded operator of oil and gas properties in the Eagle Ford shale play. The magnitude of the opportunity in the Eagle Ford shale and associated drilling costs will require external sources of capital, and we will continue to utilize combinations of debt and equity in conjunction with operating cash flow to fund the development of our leaseholds into oil producing assets. It is our objective to "right-size" our development program, operating expenses and capital requirements in accordance with our strategy to unlock the Company's full potential and to grow in both size and scope of operations.

The goal and planned end result of our near-term activity will be to create a company with a sturdy platform capable of delivering on the long expected conversion of reserves to production, continued long term development and sustainable shareholder value.

Our website address is http://www.lucasenergy.com. Our fiscal year ends on the last day of March of each year. The information on, or that may be accessed through, our website is not incorporated by reference into this report and should not be considered a part of this report. We refer to the twelve-month periods ended March 31, 2015 and March 31, 2014 as our 2015 Fiscal Year and 2014 Fiscal Year, respectively.

At December 31, 2014, the Company had leasehold interests (working interests) in approximately 11,000 gross acres, or 10,000 net acres, which is the Company's total net developed and undeveloped acreage as measured from the surface to the base of the Austin Chalk formation. In deeper formations, the Company has approximately 3,300 net acres in the Eagle Ford oil window and 400 net acres in the Eaglebine, Buda and Glen Rose oil bearing formations.

At the end of December 2014, Lucas was producing an average of approximately 105 net barrels of oil equivalent per day (BOEPD) from 26 active well bores, of which 16 wells accounted for more than 90% of our production. The ratio between the gross and net production varies due to varied working interests and net revenue interests in each well.

We operate over 90% of our producing wells, except three wells producing from the Eagle Ford of which two wells are being operated by an affiliate of Marathon Oil Corporation, which wells we have a 15% working interest on, and one well which is being operated by Penn Virginia Corporation (PVA), of which we have a 1.48% working interest. Late in our fiscal year 2014, PVA completed the horizontal well in the Eagleville field in Lavaca County, Texas. During its first 24 hours, the well flowed at the rate of 1,651 barrels of oil per day (BOPD) and 1,512 thousand cubic feet per day (Mcfd), and although Lucas's working interest is only 1.48%, we believe the well exemplifies the quality and potential of our leasehold in the Eagleford play. Recently, we entered into agreements with PVA for participation in five additional wells with working interest ranging from 1.48% to 3.28% in the Eagleville field (see also "Note 2 – Liquidity and Going Concern Considerations" to our unaudited condensed financial statements included in "Part 1. Financial Statements" – "Item 1. Financial Statements", above).

At March 31, 2014, Lucas Energy's total estimated net proved reserves were 5.6 million barrels of oil equivalent (BOE), of which 5.0 million barrels (BBLs) were crude oil reserves, and 3.3 billion cubic feet (BCF) were natural gas reserves. Approximately 3% of the BOE was proved producing. As of December 31, 2014, Lucas employed 11 full-time employees. We also utilized over six 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. As of the date of this report, the Company has reduced its workforce staff to six full-time employees and three contractors.

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 in order to decrease geological risk. Our holdings are located in an increased area of current industry activity in Gonzales, Wilson, Karnes, Frio and Leon counties in Texas. We concentrate on three vertically adjoining formations in Gonzales, Wilson and Karnes counties: the Austin Chalk, Eagle Ford and Buda formations, listed in the order of increasing depth measuring from land surface. The recent development of the Eagle Ford as a high potential producing zone has heightened industry interest and success. Lucas's acreage position is in the oil window of the Eagle Ford trend and has approximately 10,200 gross acres in the Gonzales, Karnes and Wilson County, Texas 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

On Lucas'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 natural gas produced from the Austin Chalk. Reservoir thickness in the area of the Company's leases varies from approximately 60 feet to 80 feet.

Our Strategic Path

During the calendar year 2014, we began to reposition the Company with a more aggressive focus on the Eagle Ford shale. On August 26, 2014 the Company announced the signing of a binding participation agreement with Earthstone Energy, Inc., formally known as Oak Valley Resources, LLC ("Earthstone"), to jointly develop the Company's Karnes County, Texas acreage in the Eagle Ford shale formation. This was our first planned step to create a larger entity which we anticipate enhancing shareholder value. The Company also indicated that it was actively reviewing numerous additional strategic alternatives including strategic partnership(s), asset or corporate acquisitions, development funding and/or merger opportunities. The Company was also scheduled to close on a corporate financing transaction on or before December 3, 2014, but the severe decline in crude oil prices delayed that process and in fact ultimately led to the transaction falling through.

Thereafter, management refocused and was pleased to announce on February 4, 2015, the entry into a Letter of Intent and Term Sheet for a proposed business combination with Victory Energy Corporation (OTCQX: VYEY) ("Victory"), a growing Permian Basin focused oil and gas company. The business combination is contingent on the parties completing due diligence, the mutual negotiation of definitive documents, regulatory approvals and the registration of the securities to be issued to Victory shareholders in the transaction, as well as other customary closing conditions. Additionally, Victory and Lucas are negotiating the terms of a funding agreement that is anticipated to provide the capital necessary for Lucas to satisfy its obligations for several Eagle Ford wells, critical accounts payable and to provide the working capital during the period prior to the consummation of the business combination.

We believe that companies with more scale in our specific geology can spread fixed operating expenses over a larger base of production and access more favorable financing terms and ultimately resulting in higher per share valuations. We benefit from the increasing number of wells drilled and the corresponding data available from public and governmental sources surrounding our acreage which we continually review and assess. This activity and data has defined the geographic extent of the Eagle Ford formation and we believe confirms in a number of cases the economic viability of our acreage. In addition, leading operators have developed drilling and completion technologies that have significantly reduced production risk and decreased per unit drilling and completion costs. We believe that our planned combination with Victory, and the associated funding associated therewith, will lead our Company to greater scale and normalized operating expenses.

We continue to benefit from having an experienced management team. Through this period of oil price uncertainty, we benefit from the proven merger and acquisition, and operating and financing, capabilities of our Chief Executive Officer, Mr. Anthony Schnur, and the rest of the Company's management team and directors. Mr. Schnur has over twenty years of extensive oil and gas and financial management experience. He has developed strategic business plans, raised debt and equity capital, and provided asset management, cash flow forecasts, transaction modeling and development planning for both start-ups and special situations. On three separate occasions, Mr. Schnur has been asked to lead work-out/turn-around initiatives in the E&P space. Further, the Company has highly experienced personnel in its operations, reservoir analysis, land and accounting functions and believes it has brought together a professional and dedicated team to deliver value to Lucas's shareholders.

Liquidity and Going Concern Consideration

Moving forward, the Company anticipates requiring approximately $8.0 million of additional funding over the next several months in order to participate in the drilling activities contemplated by the August 2014 participation agreement with Earthstone Energy, Inc., formally known as Oak Valley Resources ("Earthstone") (see "Note 4 Property and Equipment" to our unaudited condensed financial statements included in "Part 1. Financial Statements" – "Item 1. Financial Statements", above). We also anticipate requiring additional funding of approximately $1.3 million for the current participation in the drilling of five Penn Virginia ("PVA") wells and for any additional drilling and workover activities on existing properties. In order to address the Company's capital obligations over the next several months and per the executed term sheet with Victory, the Company expects that funding of these obligations will come from a variety of sources, including certain affiliates of Victory. The Company anticipates these sources providing total funding of approximately $12 million during the business combination with Victory, with additional funding for post-closing debt reduction and expansion to exceed $8 million. The Company expects that as part of the proposed transaction, and funding permitting, seven of the Company's high-grade Eagle Ford wells with varying working interests will be funded and brought into production during the period from February through June of 2015, provided that certain interests in such wells and proceeds therefrom will be transferred to and/or owned by Victory or its affiliates. Based on nearby EOG Resources and Marathon Oil well production volumes, in addition to internal economic reservoir calculations, the Company anticipates that the monthly production revenue from these combined wells will exceed $1.1 million of revenue to the Company's interest, assuming a price per barrel of oil of $50, which would bring the Company into a positive cash-flow position and add significant proved producing reserves to the combined 2015 Company portfolio.

We failed to make the required December 13, 2014 principal payment under the terms of the Second Amended Letter Loan (see "Note 6 – Note Payable" to our unaudited condensed financial statements included in "Part 1. Financial Statements" – "Item 1. Financial Statements", above). Specifically, on January 26, 2015, we received notice from a representative of our lender that we had defaulted on a payment. Consequently, the amount owed under the Second Amended Letter Loan of approximately $7.1 million will accrue at a default interest rate of 18% per annum. No further action has been taken by our lender, who has waived certain required interest payments, which we also failed to pay, that were due in January 2015 and February 2015. The lender has also reserved the right to enter into an amended agreement with Lucas at any time or to enforce any of her other rights under the Second Amended Loan Agreement as a result of such default. Subsequently, we also failed to make the required January 13, 2015 and February 13, 2015 principal payments under the terms of the Second Amended Letter Loan.

Due to the nature of oil and gas interests, i.e., that rates of production generally decline over time as oil and gas reserves are depleted, if we are unable to drill additional wells and develop our proved undeveloped reserves (PUDs) or acquire additional operating properties, we believe that our revenues will continue to decline over time. Furthermore, in the event we are unable to raise additional funding in the future, we will not be able to participate with Earthstone in the drilling of planned additional wells, will not be able to complete other drilling and/or workover activities, and may not be able to make required payments on our outstanding liabilities, including the Second Amended Letter Loan, and in fact as described above, have not been able to make certain of such payments to date. As such, in the event we do not raise additional funding in the future, we may be forced to scale back our business plan, sell assets to satisfy outstanding debts or take other remedial steps.

These conditions raise substantial doubt about our ability to continue as a going concern for the next twelve months. The accompanying condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Accordingly, the financial statements do not include any adjustments relating to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

RESULTS OF OPERATIONS

The following discussion and analysis of the results of operations for the three-month and nine-months periods ended December 31, 2014 and 2013 should be read in conjunction with the condensed financial statements of Lucas Energy and notes thereto included in this Quarterly Report on Form 10-Q. As used below, the abbreviations "Bbls" stands for barrels, "NGL" stands for natural gas liquids, "Mcf" for thousand cubic feet and "Boe" for barrels of oil equivalent on the basis of six Mcf per barrel. The majority of the numbers presented below are rounded numbers and should be considered as approximate.

Three Months Ended December 31, 2014 vs. Three Months Ended December 31, 2013

We reported a net loss for the three months ended December 31, 2014 of $1.3 million, or $0.04 per share. For the same period a year ago, we reported a net loss of $1.1 million, or $0.04 per share. As discussed in more detail below, our net loss increased by approximately $0.2 million primarily due to a decrease in sales revenue of approximately $0.7 million and an increase in other expenses of $0.1 million, offset by a decrease of approximately $0.6 million in operating expenses.

The following table sets forth the operating results and production data for the three-month periods ended December 31, 2014 and 2013. There were no reportable natural gas sales.

	Three Months Ended December 31,		Increase (Decrease)	% Increase (Decrease)
	2014	2013		
Sale Volumes:				
Crude Oil (Bbls)	9,668	14,541	(4,873)	(34%)
Crude Oil (Bbls per day)	105	158	(53)	(34%)
Average Sale Price:				
Crude Oil ($/Bbl)	$ 70.63	$ 93.54	$ (22.91)	(24%)
Net Operating Revenues:				
Crude Oil	$ 682,803	$ 1,360,131	$ (677,328)	(50%)

Oil and Gas Revenues

Total crude oil revenues for the three months ended December 31, 2014 decreased approximately $0.7 million, or 50%, to $0.7 million from $1.4 million for the same period a year ago due primarily to an unfavorable crude oil volume variance of $0.33 million coupled with an unfavorable crude oil price variance of $0.34 million. The production decline can be attributed to workover drilling and lateral programs with higher front-end production in the prior reporting period coupled with production declines primarily related to interference from offset activity in the current period.

Operating and Other Expenses

The following table summarizes our production costs and operating expenses for the periods indicated:

	Three Months Ended December 31,		Increase (Decrease)	% Increase (Decrease)
	2014	2013		
Direct lease operating expense	$ 212,807	$ 230,830	$ (18,023)	(8%)
Workover expense	91,882	293,410	(201,528)	(69%)
Other	30,701	29,438	1,263	4%
Total Lease Operating Expenses	$ 335,390	$ 553,678	$ (218,288)	(39%)
Severance and Property Taxes	81,611	69,545	12,066	17%
Depreciation, Depletion, Amortization and Accretion	388,220	601,950	(213,730)	(36%)
General and Administrative (G&A)	$ 704,075	$ 837,964	$ (133,889)	(16%)
Share-Based Compensation	43,888	113,368	(69,480)	(61%)
Total G&A Expense	$ 747,963	$ 951,332	$ (203,369)	(21%)
Interest Expense	335,285	304,592	30,693	10%
Other Expense (Income), Net	100,998	9,968	91,030	913%

Lease Operating Expenses

There was a decrease in lease operating expense of approximately $0.2 million highlighted by a 69% reduction in workovers when comparing the current quarter to the prior year period. In total, the overall lease operating expenses decreased 39% for the current period as compared to the prior period. Over the past year, the Company has maintained a concerted effort to keep lease operating expenses at lower levels by improving operating efficiencies and cost reductions.

Depreciation, Depletion, Amortization and Accretion (DD&A)

DD&A decreased for the current quarter as compared to the prior year period by approximately $0.2 million primarily related to a decrease in production of 4,873 Boe compared to the previous period. As noted above, the production decline can be attributed to drilling and lateral programs with higher front-end production in the prior reporting period coupled with production declines primarily related to interference from offset activity in the current period.

General and Administrative (G&A) Expenses and Share-Based Compensation

G&A expenses decreased by approximately $0.2 million for the current quarter as compared to the prior year's period primarily due to the Company's overall focus in improving the efficiency of the daily operating activities within the Company by performing functions related to these expenses internally as opposed to engaging outside support and due to the restructuring of employee responsibilities and duties within the Company. Share-Based compensation also decreased by approximately 61% due to a decrease in employee based stock option and compensation costs. As a result, total G&A Expense decreased by 21% when comparing the current quarter to the prior period.

Interest Expense

Interest expense for the three months ended December 31, 2014 and December 31, 2013 consisted of cash interest payments, amortization of discounts and deferred financing costs of approximately $0.3 million made in relation to the Letter Loan issued in August 2013 and amended in April 2014 and then again in November 2014 (see "Note 6. Notes Payable" to our unaudited condensed financial statements included in "Part 1. Financial Statements" – "Item 1. Financial Statements", above).

Other Expense (Income), Net

Other Expense (Income) for the three months ended December 31, 2014, primarily consisted of approximately $0.1 million in financing and settlement fees compared to the prior year period which primarily consisted of $15,000 in financing fees offset by $3,500 in discounts from accounts payable settlements and a $1,000 gain from the sale of old vehicles.

Nine Months Ended December 31, 2014 vs. Nine Months Ended December 31, 2013

We reported a net loss for the nine months ended December 31, 2014 of approximately $4.0 million, or $0.12 per share. For the same period a year ago, we reported a net loss of approximately $3.6 million, or $0.13 per share. Although our net revenues decreased by approximately $1.4 million when comparing the current period to the prior period, the decrease in net revenues was offset by a corresponding decrease in operating expenses of approximately $1.4 million, which resulted in no material change to net operating income when comparing the two periods. As discussed in more detail below, our $0.4 million increase in net loss was primarily due to an approximately $0.2 million increase in interest expense and an approximately $0.2 million increase in other expenses.

The following table sets forth the operating results and production data for the nine-month periods ended December 31, 2014 and 2013. There were no reportable natural gas sales.

	Nine Months Ended December 31,			
	2014	2013	Increase (Decrease)	% Increase (Decrease)
Sale Volumes:				
Crude Oil (Bbls)	29,416	41,362	(11,946)	(29%)
Crude Oil (Bbls per day)	107	150	(43)	(29%)
Average Sale Price:				
Crude Oil ($/Bbl)	$ 88.99	$ 98.40	$ (9.41)	(10%)
Net Operating Revenues:				
Crude Oil	$ 2,617,668	$ 4,070,060	$ (1,452,392)	(36%)

Oil and Gas Revenues

Total crude oil revenues for the nine months ended December 31, 2014 decreased approximately $1.4 million, or 36%, to $2.6 million from $4.1 million for the same period a year ago due primarily to an unfavorable crude oil volume variance of $1.0 million coupled with an unfavorable crude oil price variance of $0.4 million. The production decline is primarily related to two of the Company's top producing wells being shut-in for approximately 15 days and one additional top producing well being shut-in for two months during the early part of current reporting period resulting in approximately $0.6 million less in production sales when compared to the prior period. Additional decreases of approximately $0.4 million can be attributed to workover drilling and lateral programs with higher front-end production in the prior reporting period when compared to the current period.

Operating and Other Expenses

The following table summarizes our production costs and operating expenses for the periods indicated:

	Nine Months Ended December 31,		Increase	% Increase
	2014	2013	(Decrease)	(Decrease)
Direct lease operating expense	$ 685,302	$ 757,333	$ (72,031)	(10%)
Workover expense	463,762	891,378	(427,616)	(48%)
Other	92,957	92,953	4	-
Total Lease Operating Expenses	$ 1,242,021	$ 1,741,664	$ (499,643)	(29%)
Severance and Property Taxes	230,871	220,225	10,646	5%
Depreciation, Depletion, Amortization and Accretion	1,203,700	1,700,962	(497,262)	(29%)
General and Administrative (G&A)	$ 2,587,216	$ 2,840,981	$ (253,765)	(9%)
Share-Based Compensation	159,952	365,608	(205,656)	(56%)
Total G&A Expense	$ 2,747,168	$ 3,206,589	$ (459,421)	(14%)
Interest Expense	1,066,540	855,119	211,421	25%
Other Expense (Income), Net	163,293	(20,268)	183,561	906%

Lease Operating Expenses

In total, the overall lease operating expenses decreased approximately $0.5 million or 29% for the current period as compared to the prior period. Included in the total number was a significant decrease in workovers of approximately $0.4 million or 48% when comparing the current quarter to the prior year period. Over the past year, the Company has maintained a concerted effort to keep lease operating expenses at lower levels by improving operating efficiencies and cost reductions.

Depreciation, Depletion, Amortization and Accretion (DD&A)

DD&A decreased for the current period as compared to the prior year period by approximately $0.5 million primarily related to a decrease in production of 11,946 Boe compared to the previous period. As noted above, the production decrease was primarily due to three of the Company's top producing wells being shut-in during the reporting period and drilling and lateral programs with higher front-end production when compared to the prior period.

General and Administrative (G&A) Expenses and Share-Based Compensation

During the current period, the Company experienced a decline in G&A expenses of approximately $0.3 million when compared to the prior year's period despite incurring additional G&A expenses during the current period for approximately $0.3 million of one-time legal expenses, investment banking fees and other transaction costs pursuant to certain strategic alternatives that have since been abandoned. The approximately $0.3 million decrease in G&A plus a 56% reduction in share-based compensation expense which resulted in an approximately $0.5 million decrease in the total G&A expenses when comparing the current period to the prior period.

Interest Expense

Interest expense for the nine months ended December 31, 2014 consisted of cash interest payments, amortization of discounts and deferred financing costs of approximately $1.1 million made in relation to the Letter Loan issued in August 2013 and amended in April 2014 and then again in November 2014 (see "Note 6. Notes Payable" to our unaudited condensed financial statements included in "Part 1. Financial Statements" – "Item 1. Financial Statements", above). When compared to the same period a year ago, which primarily related to incurred interest expenses of approximately $0.9 million on the Letter Loan and notes issued in April 2013 and May 2013, there was an increase of approximately $0.2 million in interest expense. The notes issued in April 2013 and May 2013 and corresponding interest were paid in full in August 2013.

Other Expense (Income), Net

Other Expense (Income) for the nine months ended December 31, 2014, primarily consisted of approximately $183,000 in financing and settlement fees pursuant to certain strategic alternatives that have since been abandoned offset by approximately $20,000 in accounts payable settlements in the current period compared to approximately $88,000 in financing fees offset by approximately $105,000 in discounts from accounts payable settlements, approximately $2,000 in office space rental income from our former Gonzales County office and a $1,000 gain from the sale of old vehicles from the prior period.

LIQUIDITY AND CAPITAL RESOURCES

The accompanying condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. Accordingly, the financial statements do not include any adjustments relating to the recoverability of assets and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

The primary sources of cash for Lucas during the nine months ended December 31, 2014 were funds generated from sales of crude oil, asset sales and funds raised through the sale of common stock. The primary uses of cash were funds used in operations and repayment of borrowings.

Working Capital

At December 31, 2014, the Company's Total Current Liabilities of $10.1 million exceeded its Total Current Assets of $0.9 million, resulting in a working capital deficit of $9.2 million. At March 31, 2014, the Company's total current liabilities of $4.6 million exceeded its total current assets of $1.6 million, resulting in a working capital deficit of $3.0 million. The $6.2 million increase in the working capital deficit is primarily related to approximately $5.4 million of the long-term portion of the Company's Note Payable becoming current, a $0.26 million reduction in cash due to the payment of expenses with funds raised through the sale of equity and the amended loan agreements described below and a $0.26 million reduction in accounts receivable, as well as an additional $0.28 million in payables from working interest in non-operated wells and property taxes.

On April 21, 2014, the Company closed a registered direct offering of $2,000,000 (approximately $1.8 million net, after deducting commissions and other expenses) of securities, representing 3,333,332 units, each consisting of one share of common stock and 0.50 of one warrant to purchase one share of common stock at an exercise price of $1.00 per share to certain institutional investors (see "Note 7. Stockholders' Equity" to our unaudited condensed financial statements included in "Part 1. Financial Statements" – "Item 1. Financial Statements", above). The Company used the funds raised in the offering to pay down expenses related to lease operating, workover activities and for general corporate purposes, including general and administrative expenses.

On April 29, 2014 and effective March 14, 2014, the Company entered into an amended loan agreement relating to its long-term note, which had a balance of approximately $7.3 million as of March 14, 2014. Pursuant to the amended long-term note, we restructured the repayment terms to defer monthly amortizing principal payments which began on March 13, 2014, during the period from April 13, 2014 through September 13, 2014 (see "Note 6. Notes Payable" to our unaudited condensed financial statements included in "Part 1. Financial Statements" – "Item 1. Financial Statements", above).

On November 24, 2014, and effective on November 13, 2014, the Company entered into a second amended loan agreement relating to its long-term note, which had a balance of approximately $7.1 million as of November 13, 2014. Pursuant to the second amended long-term note, we restructured the repayment terms of the amended long-term note to defer the principal payment in the amount of $428,327 which was originally due on November 13, 2014, until December 13, 2014, as we were in the process of obtaining new financing, which new financing failed to close as a result of the subsequent precipitous decline in oil prices (see "Note 6. Notes Payable" to our unaudited condensed financial statements included in "Part 1. Financial Statements" – "Item 1. Financial Statements", above).

On February 3, 2015, the Company executed a Letter of Intent and Term Sheet for a proposed business combination with Victory Energy Corporation ("Victory") (see "Note 13 – Subsequent Events" to our unaudited condensed financial statements included in "Part 1. Financial Statements" – "Item 1. Financial Statements", above). Victory and the Company are also negotiating the terms of a funding agreement that is anticipated to provide the capital necessary for the Company to satisfy its obligations for several Eagle Ford wells, critical accounts payable and to provide the Company with necessary working capital during the period prior to the consummation of the business combination.

Moving forward, the Company anticipates requiring approximately $8.0 million of additional funding over the next several months in order to participate in the drilling activities contemplated by the August 2014 participation agreement with Earthstone Energy, Inc., formally known as Oak Valley Resources ("Earthstone")(see "Note 4 Property and Equipment" to our unaudited condensed financial statements included in "Part 1. Financial Statements" – "Item 1. Financial Statements", above). We also anticipate requiring additional funding of approximately $1.3 million for the current participation in the drilling of five Penn Virginia ("PVA") wells and for any additional drilling and workover activities on existing properties. In order to address the Company's capital obligations over the next several months and per the executed term sheet with Victory, the Company expects that funding of these obligations will come from a variety of sources, including certain affiliates of Victory. The Company anticipates these sources providing total funding of approximately $12 million during the business combination with Victory, with additional funding for post-closing debt reduction and expansion to exceed $8 million. The Company expects that as part of the proposed transaction, and funding permitting, seven of the Company's high-grade Eagle Ford wells with varying working interests will be funded and brought into production during the period from February through June of 2015, provided that certain interests in such wells and proceeds therefrom will be transferred to and/or owned by Victory or its affiliates. Based on nearby EOG Resources and Marathon Oil well production volumes, in addition to internal economic reservoir calculations, the Company anticipates that the monthly production revenue from these combined wells will exceed $1.1 million of revenue to the Company's interest, assuming a price per barrel of oil of $50, which would bring the Company into a positive cash-flow position and add significant proved producing reserves to the combined 2015 company portfolio.

Cash Flows

	Nine Months Ended December 31,	
	2014	**2013**
Cash flows used in operating activities	(1,168,775)	(3,325,496)
Cash flows used in investing activities	(606,666)	(4,927,174)
Cash flows provided by financing activities	1,519,616	9,252,735
Net increase (decrease) in cash	**(255,825)**	**1,000,065**

Net cash used in operating activities was approximately $1.2 million for the nine months ended December 31, 2014 as compared to approximately $3.3 million for the same period a year ago. The decrease in net cash used in operating activities of approximately $2.1 million was due primarily to paying down all of the approximately $1.4 million in outstanding advances to working interest owners via a legal settlement in the prior year compared to an approximately $0.4 million increase in net loss in the current period as well as a decrease in production resulting in approximately $0.5 million less in depreciation, depletion, amortization and accretion expenses which was offset by an approximately $0.2 million increase in changes to other components of working capital.

Net cash used in investing activities was approximately $0.6 million for the nine months ended December 31, 2014 as compared to net cash used in investing activities of $4.9 million for the same period a year ago. The decrease in net cash used in investing activities was primarily due to a $3.2 million reduction of additions to oil and gas properties and net proceeds of $1.3 million from the sale of oil and gas properties in the current period when compared to the prior period offset by approximately $0.2 million in additional net sales and additions of other property and equipment in the prior period.

Net cash provided by financing activities was approximately $1.5 million for the nine months ended December 31, 2014 as compared to net cash provided by financing activities of $9.2 million for the same period a year ago. The decrease in net cash provided by financing activities was primarily related to approximately $5.9 million of net proceeds from the sale of debt and related financing costs and changes to restricted cash and deferred financing costs in the prior period when compared to debt repayments and deferred financing costs of approximately $0.3 million in the current period. Also, there was approximately $1.5 million of additional net proceeds associated with the issuance of common stock in the prior period when compared to the net proceeds associated with the issuance of common stock in the current period.

Financing

On April 21, 2014, the Company closed a registered direct offering of $2,000,000 (approximately $1.8 million net, after deducting commissions and other expenses) of securities, representing 3,333,332 units, each consisting of one share of common stock and 0.50 of one warrant to purchase one share of common stock at an exercise price of $1.00 per share to certain institutional investors (see “Note 7. Stockholders’ Equity”, to our unaudited condensed financial statements included in “Part 1. Financial Statements” – “Item 1. Financial Statements”, above). The Company used the funds raised in the offering to pay expenses related to lease operating, workover activities and for general corporate purposes, including general and administrative expenses.

On April 29, 2014 and effective March 14, 2014, the Company entered into an amended loan agreement relating to its long-term note, which had a balance of approximately $7.3 million as of March 14, 2014. Pursuant to the amended long-term note, we restructured the repayment terms to defer monthly amortizing principal payments which began on March 13, 2014, during the period from April 13, 2014 through September 13, 2014 (see “Note 6. Notes Payable” to our unaudited condensed financial statements included in “Part 1. Financial Statements” – “Item 1. Financial Statements”, above).

On November 24, 2014, and effective on November 13, 2014, the Company entered into a second amended loan agreement relating to its long-term note, which had a balance of approximately $7.1 million as of November 13, 2014. Pursuant to the second amended long-term note, we restructured the repayment terms of the amended long-term note to defer the principal payment in the amount of $428,327 which was originally due on November 13, 2014, until December 13, 2014, as we were in the process of obtaining new financing, which new financing failed to close as a result of the subsequent precipitous decline in oil prices (see “Note 6. Notes Payable” to our unaudited condensed financial statements included in “Part 1. Financial Statements” – “Item 1. Financial Statements”, above).

Lucas plans to continue to focus a substantial portion of its capital expenditures in various known prolific and productive geological formations, including the Austin Chalk and Eagle Ford formations, primarily in Gonzales, Karnes, and Wilson Counties south of the city of San Antonio, Texas. Lucas expects capital expenditures to be greater than cash flow from operating activities for the remainder of the 2015 fiscal year and into fiscal 2016. To cover the anticipated shortfall, and as noted above, the Company executed a Letter of Intent and Term Sheet in connection with a proposed business combination with Victory and is negotiating the terms of a funding agreement that is anticipated to provide the capital necessary for Lucas to satisfy its obligations for several Eagle Ford wells, critical accounts payable and to provide Lucas with necessary working capital during the period prior to the consummation of the business combination.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Market risk is the risk of loss arising from adverse changes in market rates and prices. We are exposed to risks related to increases in the prices of fuel and raw materials consumed in exploration, development and production. We do not engage in commodity price hedging activities.

ITEM 4. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures.

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the Exchange Act)) are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial officer), to allow timely decisions regarding required disclosures. The Company's management, including the Chief Executive Officer and Principal Financial Officer (our principal executive officer and principal financial officer), evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, the Company's Chief Executive Officer and Principal Financial Officer (our principal executive officer and principal financial officer) concluded that the Company's disclosure controls and procedures were effective as of December 31, 2014.

Changes in Internal Control Over Financial Reporting

There have not been any changes in our internal control over financial reporting during the three months ended December 31, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

Lucas is periodically named in legal actions arising from normal business activities. Lucas evaluates the merits of these actions and, if it determines that an unfavorable outcome is probable and can be reasonably estimated, Lucas will establish the necessary reserves.

ITEM 1A. RISK FACTORS.

There have been no material changes from the risk factors previously disclosed in the Company's Annual Report on Form 10-K for the year ended March 31, 2014, filed with the Commission on June 27, 2014, except as provided below and investors should review the risks provided below and in the Form 10-K prior to making an investment in the Company.

There is no guarantee that our proposed business combination with Victory will be consummated and the failure to consummate such business combination could adversely affect our business and results of operations.

As described above, in February 2015, we entered into a letter of intent with Victory pursuant to which the parties agreed to a framework whereby Victory will merge with and into the Company. The business combination is contingent on the parties completing due diligence, the mutual negotiation of definitive documents, regulatory approvals and the registration of the securities to be issued to Victory shareholders in the transaction, as well as other customary closing conditions. The combination is also contingent upon us maintaining the listing of our common stock on the NYSE MKT. We and Victory may be unable to mutually agree on a definitive agreement, the results of our, or Victory's due diligence may not be satisfactory, or, assuming we enter into a definitive agreement with Victory in the future, the conditions to closing the transaction may not be met. This transaction represents a significant business opportunity for us. If we fail to complete the transaction or the transaction is not successful, our anticipated business and results of operations could be adversely affected, we could be forced to scale back or curtail our operations or sell off our assets, and our securities could become worthless.

It is currently contemplated that Victory's shareholders will obtain a majority of our outstanding voting securities and control of our Board of Directors in connection with the proposed combination transaction.

We currently anticipate that as a result of the proposed business combination with Victory, Victory's shareholders will be issued a majority of our voting securities, resulting in substantial dilution to our current shareholders. We further anticipate that persons nominated or appointed by Victory will represent a majority of the members of our Board of Directors post-closing and that certain current officers of Victory will become officers of the combined company. As such, shareholders will be diluted by the combination transaction and new individuals will be in control of the management of the Company, which individuals may have different plans, goals or ideals than current management, which plans, goals or ideas, could ultimately negatively affect the Company, its prospects, shareholders and the value of its securities.

We require financing to execute our business plan, fund capital program requirements and repay our outstanding liabilities.

Victory and Lucas are negotiating the terms of a funding agreement that is anticipated to provide the capital necessary for Lucas to satisfy its obligations for several Eagle Ford wells, critical accounts payable and to provide the working capital during the period prior to the consummation of the business combination. No funding agreements or definitive terms have been agreed to as of the date of this filing and we may not be successful in obtaining financing from Victory on attractive terms, if at all. We currently have no committed source of additional cash funding as of the date of this report and are in default in connection with the payment of our obligations to our senior lender. If we are unable to raise funding in the future, we could be forced to scale back or curtail our operations or sell off our assets, and our securities could become worthless.

We currently owe significant funds under an outstanding promissory note, the repayment of which is secured by a first priority security interest in substantially all of our assets, which promissory note is currently in default.

Effective on August 13, 2013, we entered into a Letter Loan Agreement with Louise H. Rogers, amended effective April 29, 2014 and then again Effective November 13, 2014 (the "Letter Loan"). In connection with the Letter Loan and a Promissory Note entered into in connection therewith, Ms. Rogers loaned the Company $7.5 million (the "Loan"). Pursuant to the first Amended Letter Loan, interest only payments were due on the Loan during the first six months of the term and interest only payments were due during the period from April 13, 2014 through September 13, 2014 (during which six month period interest accrued at 15% per annum (compared to 12% per annum at all other times, except upon an event of default at which point the interest rate was to increase to 18% per annum)). Additionally, beginning on October 13, 2014, we were required to pay the monthly amortization payments (which total approximately $205,000 to $226,000, depending on the due date), as well as additional principal amortization payments of approximately $266,000 every three months (beginning October 13, 2014, and ending on July 13, 2015) until maturity (August 15, 2015), with approximately $3.87 million due on maturity. Pursuant to the Second Amended Letter Loan, the principal payment in the amount of $428,327 which was originally due on November 13, 2014, was extended until December 13, 2014, as we were in the process of obtaining new financing, which new financing failed to close as a result of the subsequent precipitous decline in oil prices, and the interest rate of the loan was increased to 15% per annum.

The repayment of the Loan is secured by a security interest in substantially all of our assets which was evidenced by a Security Agreement and a Mortgage, Deed of Trust, Assignment, Security Agreement, Financing Statement and Fixture Filing. We failed to make the required December 13, 2014 principal payment under the terms of the Second Amended Letter Loan (see "Note 6 – Note Payable" to our unaudited condensed financial statements included in "Part 1. Financial Statements" – "Item 1. Financial Statements", above). Specifically, on January 26, 2015, we received notice from a representative of our lender that we had defaulted on a payment. Consequently, the amount owed under the Second Amended Letter Loan of approximately $7.1 million will accrue at a default interest rate of 18% per annum. No further action has been taken by our lender, who has waived certain required interest payments, which we also failed to pay, that were due in January 2015 and February 2015. The lender has also reserved the right to enter into an amended agreement with Lucas at any time or to enforce any of her other rights under the Second Amended Loan Agreement as a result of such default. Subsequently, we also failed to make the required January 13, 2015 and February 13, 2015 principal payments under the terms of the Second Amended Letter Loan.

If we fail to enter into a formal forbearance agreement, cure our defaults, negotiate a waiver of the defaults under the Second Amended Letter Loan, or restructure the Second Amended Letter Loan, our lender may exercise any and all rights and remedies available to it under the Second Amended Letter Loan, promissory note and deed of trust, including demanding immediate repayment of all amounts then outstanding or initiating foreclosure proceedings against us. As the Second Amended Letter Loan is secured by substantially all of our assets, there is a risk that if the lender were to request the immediate repayment of the amounts currently outstanding and we did not have, and could not timely raise, funds to repay such obligations, that the lender (or where applicable, its agent) could foreclose on our assets which could cause us to significantly curtail or cease operations.

Due to the above, the lender can elect to declare all amounts outstanding under the Second Amended Letter Loan, including accrued interest or other obligations, to be immediately due and payable. If amounts outstanding under such Second Amended Letter Loan were to be accelerated, our assets might not be sufficient to repay in full that indebtedness and our other indebtedness and we may not be able to raise funds from alternative sources to repay such obligations on favorable terms, on a timely basis, or at all. As such, the value of our securities may decline in value or become worthless in the event our lender accelerates the repayment of our outstanding obligations under the Second Amended Letter Loan, which as described above, is in default as of the filing of this report. Additionally, such defaults may harm our credit rating and our ability to obtain additional financing on acceptable terms.

If we are unable to regain compliance with NYSE MKT continued listing standards, our common stock may be delisted from the NYSE MKT equities market, which would likely cause the liquidity and market price of our common stock to decline.

Our common stock currently is listed on the NYSE MKT. The NYSE MKT will consider suspending dealings in, or delisting, securities of an issuer that does not meet its continued listing standards. If we cannot meet the NYSE MKT continued listing requirements, the NYSE MKT may delist our common stock, which could have an adverse impact on us and the liquidity and market price of our stock, and could also prevent us from completing the planned business combination with Victory.

On February 28, 2014, we received notice from the NYSE MKT, indicating we were below certain of the NYSE MKT's continued listing standards related to our existing financial resources or financial condition as set forth in Part 10 of the NYSE MKT Company Guide. We were afforded the opportunity to submit a plan of compliance to the NYSE MKT, and on March 14, 2014, we submitted our plan to the NYSE MKT. On March 31, 2014, the NYSE MKT notified us that it had accepted our plan of compliance and granted us a conditional extension until April 14, 2014, which was subsequently extended until July 31, 2014, and again until October 31, 2014, and again until December 4, 2014, January 31, 2015, and again until March 31, 2015, by which date the Company is required to regain compliance with Section 1003(a) (iv) of the NYSE MKT Company Guide and/or demonstrate adequate progress to that end. If the NYSE MKT determines that we are not making sufficient progress consistent with our prior plan or that we remain in non-compliance with the continued listing standards, it could institute proceedings to delist us from the NYSE MKT.

There is no assurance that we will continue to maintain compliance with NYSE MKT continued listing standards. Our business has been and may continue to be affected by worldwide macroeconomic factors, which include uncertainties in the credit and capital markets. External factors that affect our stock price, such as liquidity requirements of our investors, as well as our performance, could impact our market capitalization, revenue and operating results, which, in turn, affect our ability to comply with the NYSE MKT's listing standards. The NYSE MKT has the ability to suspend trading in our common stock or remove our common stock from listing on the NYSE MKT if in the opinion of the exchange: (a) the financial condition and/or operating results of the Company appear to be unsatisfactory; or (b) it appears that the extent of public distribution or the aggregate market value of our common stock has become so reduced as to make further dealings on the exchange inadvisable; or (c) we have sold or otherwise disposed of our principal operating assets, or have ceased to be an operating company; or (d) we have failed to comply with our listing agreements with the exchange; or (e) any other event shall occur or any condition shall exist which makes further dealings on the exchange unwarranted.

If we are unable to satisfy the NYSE MKT criteria for continued listing and are unable to regain compliance during any applicable cure periods, our common stock would be subject to delisting. A delisting of our common stock could negatively impact us by, among other things, reducing the liquidity and market price of our common stock and reducing the number of investors willing to hold or acquire our common stock, which could negatively impact our ability to raise equity financing. In addition, delisting from the NYSE MKT might negatively impact our reputation and, as a consequence, our business. Additionally, if we were delisted from the NYSE MKT and are not able to list our common stock on another national exchange we will no longer be eligible to use Form S-3 registration statements and will instead be required to file a Form S-1 registration statement for any primary or secondary offerings of our common stock, which would delay our ability to raise funds in the future, may limit the type of offerings of common stock we could undertake, and would increase the expenses of any offering, as, among other things, registration statements on Form S-1 are subject to SEC review and comments whereas take downs pursuant to a previously filed Form S-3 are not. Finally, delisting from the NYSE MKT will likely prohibit us from moving forward with our planned business combination with Victory.

If we are delisted from the NYSE MKT, your ability to sell your shares of our common stock would also be limited by the penny stock restrictions, which could further limit the marketability of your shares.

If our common stock is delisted, it would come within the definition of "penny stock" as defined in the Exchange Act and would be covered by Rule 15g-9 of the Exchange Act. That Rule imposes additional sales practice requirements on broker-dealers who sell securities to persons other than established customers and accredited investors. For transactions covered by Rule 15g-9, the broker-dealer must make a special suitability determination for the purchaser and receive the purchaser's written agreement to the transaction prior to the sale. Consequently, Rule 15g-9, if it were to become applicable, would affect the ability or willingness of broker-dealers to sell our securities, and accordingly would affect the ability of stockholders to sell their securities in the public market. These additional procedures could also limit our ability to raise additional capital in the future.

We face risks associated with the integration of the business, assets and operations of Victory, assuming we formalize a definitive combination agreement and are able to consummate such combination transaction.

Assuming the closing of the planned combination transaction with Victory, we may not be able to successfully integrate the business, assets and operations of Victory, or Victory's employees into our operations and such transaction may not positively affect our operations and cash flow. Transactions such as the one proposed with Victory involve numerous risks, including difficulties in the assimilation of the acquired businesses. The consolidation of our operations with the operations of Victory, including the consolidation of systems, procedures, personnel and facilities and the achievement of anticipated cost savings, economies of scale and other business efficiencies presents significant challenges to our management. The transaction with Victory and/or our failure to successfully integrate acquired operations could have an adverse effect on our liquidity, financial condition and results of operations.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

In October 2014, the holder of our Series A Convertible Preferred Stock converted 1,500 shares of such Series A Convertible Preferred Stock into 1,500,000 shares of our common stock. The remaining 500 outstanding shares of Series A Convertible Preferred Stock, if fully converted, would convert into 500,000 shares of our common stock.

We claim an exemption from registration afforded by Section 3(a)(9) of the Securities Act of 1933, as amended for the above conversion as the securities were exchanged by the Company with its existing security holder exclusively in a transaction where no commission or other remuneration was paid or given directly or indirectly for soliciting such exchange.

Use of Proceeds from Sale of Registered Securities

Our Registration Statement on Form S-3 (Reg. No. 333-188663) in connection with the sale by us of up to $10 million in securities (common stock, preferred stock, debt securities, warrants and units) was declared effective by the SEC on May 24, 2013.

On April 21, 2014, pursuant to the terms of the Registration Statement, the Company closed a registered direct offering of $2,000,000 (approximately $1.8 million net, after deducting commissions and other expenses) of shares of common stock to certain institutional investors. In total, the Company sold 3,333,332 shares of common stock (1,666,666 warrants to purchase shares of common stock and 1,666,666 shares of common stock issuable upon exercise of warrants). The Company used the funds raised in the offering to pay down expenses related to drilling, lease operating, workover activities and for general corporate purposes, including general and administrative expenses.

No payments for our expenses were made in either offering described above directly or indirectly to (i) any of our directors, officers or their associates, (ii) any person(s) owning 10% or more of any class of our equity securities or (iii) any of our affiliates. We used the net proceeds from the offerings as described in our final prospectuses filed with the SEC pursuant to Rule 424(b).

There has been no material change in the planned use of proceeds from our offerings as described in our final prospectuses filed with the SEC pursuant to Rule 424(b).

Issuer Purchases of Equity Securities

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

We failed to make the required December 13, 2014 principal payment under the terms of the Second Amended Letter Loan (see "Note 6 – Note Payable" to our unaudited condensed financial statements included in "Part 1. Financial Statements" – "Item 1. Financial Statements", above). Specifically, on January 26, 2015, we received notice from a representative of our lender that we had defaulted on a payment. Consequently, the amount owed under the Second Amended Letter Loan of approximately $7.1 million will accrue at a default interest rate of 18% per annum. No further action has been taken by our lender, who has waived certain required interest payments, which we also failed to pay, that were due in January 2015 and February 2015. The lender has also reserved the right to enter into an amended agreement with Lucas at any time or to enforce any of her other rights under the Second Amended Loan Agreement as a result of such default. Subsequently, we also failed to make the required January 13, 2015 and February 13, 2015 principal payments under the terms of the Second Amended Letter Loan.

ITEM 4. MINE SAFETY DISCLOSURES.

Not Applicable.

ITEM 5. OTHER INFORMATION.

On November 24, 2014, and effective on November 13, 2014, the Company entered into a Second Amended Letter Loan Agreement (the "Second Amended Letter Loan") and Second Amended and Restated Promissory Note (the "Second Amended Note"), in connection with the Letter Loan and the Amended Letter Loan. Pursuant to the Second Amended Letter Loan and Second Amended Note, we restructured the repayment terms of the Amended Letter Loan and Amended Note to defer the principal payment in the amount of $428,327 which was originally due on November 13, 2014, until December 13, 2014, as we were in the process of obtaining new financing, which new financing failed to close as a result of the subsequent precipitous decline in oil prices. Additionally, the Second Amended Letter Loan and Second Amended Note provides that (a) amounts outstanding under the Second Amendment Note will accrue interest at the rate of 15% per annum and (b) additional principal amortization payments of approximately $266,000 are due every three months (beginning January 13, 2015, and ending on July 13, 2015) until maturity, with approximately $3.87 million due on maturity, which maturity date remained August 13, 2015. Additionally, we agreed to pay all legal expenses of the lender related to the amendments and agreed to pay $15,000 to Robertson Global Credit, LLC ("Robertson"), the administrator of the Loan, as additional consideration for the modifications.

On February 17, 2015, the Company issued a press release discussing the Company's results of operations for the three and nine months ended December 31, 2014. A copy of the press release is furnished as Exhibit 99.1 to this Form 10-Q.

ITEM 6. EXHIBITS.

See the Exhibit Index following the signature page to this Quarterly Report on Form 10-Q for a list of exhibits filed or furnished with this report, which Exhibit Index is incorporated herein by reference.

SIGNATURES

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

LUCAS ENERGY, INC.
(Registrant)

/s/ Anthony C. Schnur
Anthony C. Schnur
Chief Executive Officer and Acting Chief Financial Officer
(Principal Executive Officer and Principal Financial Officer)
Date: February 17, 2015

EXHIBIT INDEX

Exhibit No.	Description
4.1	Common Stock Purchase Warrant – Ironman Energy Master Fund (583,333 warrants)(April 21, 2014) (Incorporated by reference as Exhibit 4.1 to the Company's Form 8-K dated April 21, 2014, filed with the SEC on April 22, 2014)(File No. 001-32508)
4.2	Common Stock Purchase Warrant – Ironman PI Fund II (QP), LP (250,000 warrants)(April 21, 2014) (Incorporated by reference as Exhibit 4.2 to the Company's Form 8-K dated April 21, 2014, filed with the SEC on April 22, 2014)(File No. 001-32508)
4.3	Common Stock Purchase Warrant – John B. Helmers (833,333 warrants)(April 21, 2014) (Incorporated by reference as Exhibit 4.3 to the Company's Form 8-K dated April 21, 2014, filed with the SEC on April 22, 2014)(File No. 001-32508)
10.1	Letter Loan Agreement (Louise H. Rogers)(August 13, 2013) (Filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2013, filed with the Commission on August 14, 2013, and incorporated herein by reference)(File No. 001-32508)
10.2	Amended Letter Loan Agreement (Louise H. Rogers)(April 29, 2014) (Filed as Exhibit 10.1 to our Current Report on Form 8-K, dated April 29, 2014, and filed with the Commission on May 1, 2014 and incorporated herein by reference)(File No. 001-32508)
10.3	Promissory Note ($7.5 million)(Louise H. Rogers)(August 13, 2013) (Filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2013, filed with the Commission on August 14, 2013, and incorporated herein by reference)(File No. 001-32508)
10.4	Amended and Restated Promissory Note ($7,308,817.32)(Louise H. Rogers)(April 29, 2014) (Filed as Exhibit 10.2 to our Current Report on Form 8-K, dated April 29, 2014, and filed with the Commission on May 1, 2014 and incorporated herein by reference)(File No. 001-32508)
10.5	Security Agreement (Louise H. Rogers)(August 13, 2013) (Filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2013, filed with the Commission on August 14, 2013, and incorporated herein by reference)(File No. 001-32508)
10.6	Mortgage, Deed of Trust, Assignment, Security Agreement, Financing Statement, and Fixture Filing (Louise H. Rogers)(August 13, 2013) (Filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2013, filed with the Commission on August 14, 2013, and incorporated herein by reference)(File No. 001-32508)
10.7	Meson Capital Partners LP Subscription Agreement (July 17, 2013) (Filed as Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2013, filed with the Commission on November 14, 2013, and incorporated herein by reference)(File No. 001-32508)
10.8	Securities Purchase Agreement by and between the Company and each investor dated as of April 15, 2014 (Incorporated by reference as Exhibit 10.1 to the Company's Form 8-K dated April 16, 2014, filed with the SEC on April 16, 2014)(File No. 001-32508)
10.9	Registration Rights Agreement by and between the Company and the investors dated as of April 15, 2014 (Incorporated by reference as Exhibit 10.2 to the Company's Form 8-K dated April 16, 2014, filed with the SEC on April 16, 2014)(File No. 001-32508)
10.10*	Second Amended Letter Loan Agreement (Louise H. Rogers)(November 13, 2014)
10.11*	Second Amended and Restated Promissory Note ($7,058,964.65)(Louise H. Rogers)(November 13, 2014)

31.1*	Section 302 Certification of Periodic Report of Principal Executive Officer and Principal Financial Officer.
32.1**	Section 906 Certification of Periodic Report of Principal Executive Officer and Principal Financial Officer.
99.1**	Press Release Dated February 17, 2015
***101.INS	XBRL Instance Document.
***101.SCH	XBRL Schema Document.
***101.CAL	XBRL Calculation Linkbase Document.
***101.LAB	XBRL Label Linkbase Document.
***101.PRE	XBRL Presentation Linkbase Document.

* Exhibits filed herewith.

** Exhibits furnished herewith.

*** Attached as Exhibit 101 to this report are the following documents formatted in XBRL (Extensible Business Reporting Language): (i) the Condensed Balance Sheets – December 31, 2014 and March 31, 2014, (ii) the Condensed Statements of Operations - Three and Nine Months Ended December 31, 2014 and 2013, (iii) the Condensed Statements of Cash Flows - Nine Months Ended December 31, 2014 and 2013; and (iv) Notes to Condensed Financial Statements. Users of this data are advised pursuant to Rule 406T of Regulation S-T that this interactive data file is deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

Exhibit 10.10

SECOND AMENDED LETTER LOAN AGREEMENT

November 18, 2014, to be effective as of November 13, 2014

This Second Amended Letter Loan Agreement is intended to amend the Letter Loan Agreement between the parties dated August 13, 2013, and as previously amended effective March 14, 2014, regarding the loan from Louise H. Rogers, as her separate property, to Lucas Energy, Inc., in the original principal amount of $7,500,000.00, to reflect the parties' agreement to restructure the loan effective as of November 13, 2014, as follows:

Mrs. Louise H. Rogers
c/o Sharon E. Conway
Attorney at Law
2441 High Timbers, Suite 410
The Woodlands, Texas 77380-1052

Dear Mrs. Rogers:

The undersigned, **Lucas Energy, Inc.**, a corporation duly organized and existing under the laws of the State of Nevada ("**LEI**"), with its principal place of business at 3555 Timmons Lane, Suite 1550, Houston, Texas, 77027, as Borrower, has requested that **Louise H. Rogers** ("**Rogers**"), as Lender, lend to LEI the sum of $7,500,000.00 as of August 13, 2013. Capitalized terms in this Second Amended Letter Loan Agreement (as may be amended from time to time, this "**Agreement**" or "**Amended Agreement**") that are not defined in the text are defined in Schedule A, entitled "Definitions," and Schedule A is incorporated by reference into this Agreement. Subject to the terms of this Agreement, LEI and Rogers agree as follows:

1. Loan.

a. On the terms and subject to the conditions set forth in this Agreement, Rogers agreed to and did lend to LEI on or about August 13, 2013, Seven Million Five Hundred Thousand 00/100 Dollars ($7,500,000.00) (the "**Loan**"). The Loan is evidenced by a Note duly executed by LEI in the original principal amount of Seven Million Five Hundred Thousand 00/100 Dollars ($7,500,000.00), dated August 13, 2013 (and amended and restated as of March 14, 2014, and as amended effective October 13, 2014), and made payable to the order of Rogers. Through March 13, 2014, principal and interest on the Note were due and payable in the manner and at the times set forth in the Note (as amended), mandatory prepayments on the Note were due and payable as set forth in the Loan Documents (as amended), and the entire unpaid balance of principal and interest on the Note and all other Obligations are due and payable on the Maturity Date (unless sooner accelerated in accordance with the terms of the Loan Documents). Amounts repaid or prepaid on the Loan may not be re-borrowed under any circumstance. The terms and provisions of the Note are amended effective as of November 13, 2014, as set forth paragraphs 1(b) and 2 below. The Second Amended and Restated Promissory Note dated to be effective as of November 13, 2014, between Rogers and LEI is incorporated by reference into this Amended Agreement for all purposes as if fully set forth at length, and is included as one of the "Loan Documents" as that term is defined in Schedule A to this Amended Agreement and in any of the other Loan Documents.

b. As of November 12, 2014, LEI had adequately complied with the terms of the original Letter Loan Agreement and other Loan Documents dated August 13, 2013. On November 13, 2014, LEI made its interest payment due but requested that Rogers amend the due date for payment of principal due on that same date because LEI was in the process of refinancing the Loan and would pay all amounts of principal and interest due on the Loan upon closing of the refinancing, which was anticipated to occur before November 30, 2014. LEI made the interest payments due on or before (or if late, any late payments and fees were waived and not declared a Default by Rogers under the Loan Documents) September 13, 2013, October, 13, 2013, November 13, 2013, December 13, 2013, January 13, 2014, February 13, 2014, April 13, 2014, May 13, 2014, June 13, 2014, July 13, 2014, August 13, 2014, September 13, 2014, October 13, 2014, and November 13, 2014, and LEI made the principal and interest payment due on March 13, 2014, and made principal payments on April 13, May 13, June 13, July 13, August 13, September 13, and October 13, 2014, and thus reducing the principal amount now due under the Loan to $7,058,964.65. Per the verbal agreement of the parties, LEI made the April 13, 2014, interest-only payment one day late on April 14, 2014, and that verbal agreement is ratified by this Amended Agreement. Per the terms of the restructuring, the amount of interest due for the April 13, 2014, payment was $94,405.54, but LEI paid the amount of $73,088.17 as per the original terms of the Loan. LEI agreed to pay the difference in the interest payment due on April 13, 2014, of $21,317.37 on or before the closing date of this restructuring. LEI made this payment to Rogers on May 2, 2014, and Rogers has accepted this payment as being substantially in compliance with the agreement and waives any claim that it was late. On November 13, 2014, pursuant to the current amortization schedule setting forth required payments by LEI to Rogers, a principal payment in the amount of $428,327.17 was due from LEI to Rogers. LEI requested that this principal payment be deferred because it was in the process of obtaining new funding to refinance the Loan that is due to close prior to November 30, 2014. Rogers has agreed to reschedule the November 13, 2014, principal payment to December 13, 2014. In exchange, LEI's interest rate increases to 15% on the entire principal balance remaining due beginning on November 14, 2014, until paid in full, and LEI must pay an additional administrative fee of $15,000.00 to Robertson Global Credit, LLC. The terms of the restructuring in the Amended Letter Loan Agreement dated to be effective as of March 14, 2014, are retroactive to March 14, 2014, and were fully effective as of that date. The terms of the restructuring in this Second Amended Letter Loan Agreement are retroactive to November 13, 2014, and are fully effective as of that date.

2. Payment of Loan.

a. LEI shall repay the Loan on the dates and in the amounts as set forth in the Note (as amended), which includes, among others, these terms:

i. The Note shall accrue interest at the rate of fifteen percent (15%) per annum based on a 360-day year which shall be assessed for the actual number of days elapsed beginning November 14, 2014, through the maturity date of August 13, 2015.

ii. The entire principal balance remaining and all accrued, unpaid interest on the Note is due and payable on or before Maturity Date.

b. LEI may, at its option, voluntarily prepay all or any portion of the outstanding principal of the Loan as, and to the extent, set forth in the Note, at any time after November 13, 2013. LEI may not prepay the Note prior to November 13, 2013. However, if LEI chooses to prepay, it is subject to a prepayment penalty of the amount of Administration Fees (as defined in Paragraph 4 below) that would have been paid by LEI under this Agreement through the Maturity Date.

c. If an Asset Coverage Deficiency occurs at any time during the term of the Note, LEI shall, within five days of receipt of notice from Rogers that an Asset Coverage Deficiency exists, make a mandatory prepayment on the Loan in the amount necessary to be in compliance with the Asset Coverage Ratio.

d. LEI shall, on the first Business Day following any Disposition of Assets of LEI permitted by Section 8.1(i) (other than Dispositions permitted by Sections 8(i)(1), (2), and (4)), make a payment equal to 100% of the Net Cash Proceeds received from the Disposition to be applied to the outstanding Loan, applied first to any outstanding Obligations, then to accrued interest, then to principal; provided, however, that if no Asset Coverage Deficiency exists as a result of the Disposition and no Default or Event of Default has occurred and is continuing, LEI may retain the funds and the payment shall not be required. For the avoidance of doubt, the provisions of this clause (d) shall not constitute, or be deemed to constitute, consent by Rogers to any Disposition or to any release of any Liens on any Collateral Property.

3. Collateral Value Determinations.

a. From and after the date of this Agreement, the initial Total Proved PV10% is $30,000,000.00, until redetermined pursuant to the terms of Section 3(b) or Section 3(c).

b. Upon notice to LEI and at LEI's expense, the Total Proved PV10% shall be redetermined by Rogers for each Determination Period on each Scheduled Collateral Value Determination Date, and each the redetermination shall be effective as of the date set forth in the notice. It is expressly understood that Rogers shall have no obligation to determine the Total Proved PV10% at any particular amount.

c. In addition to the redeterminations of Total Proved PV10% required pursuant to Section 3(b) above, LEI shall have the right to request a special redetermination of the Total Proved PV10% at any time and from time to time, but not more than one time during any Determination Period. A special redetermination under this section shall be made by Rogers based upon the most recent Reserve Report delivered to Rogers by LEI and on any other reports and data that Rogers may reasonably request. If the special redetermination results in an Asset Coverage Deficiency, LEI shall comply with Section 2(c).

4. Administration Fees. LEI agrees to pay to Rogers' designee, Robertson Global Credit, LLC, for the period beginning on the date of this Agreement and continuing through the Maturity Date a quarterly Administration Fee in the amount of $15,000.00. This fee shall be payable by LEI in advance on the first day of each calendar quarter and a prorated fee shall be due on the Maturity Date. These administration fees are non-refundable. An additional administrative fee of $15,000.00 is due and payable by LEI to Robertson Global Credit, LLC, upon execution of this Amended Agreement.

5. Conditions Precedent. The obligation of Rogers to make the Loan was subject to the following conditions precedent:

a. Rogers shall have received, reviewed, and approved the following documents and other items, appropriately executed when necessary and, where applicable, acknowledged by one or more Authorized Officers of LEI, all in form and substance reasonably satisfactory to Rogers:

i. multiple counterparts of this Agreement as requested by Rogers;

ii. the Note;

iii. a certificate of the secretary or any assistant secretary of LEI dated the date of this Agreement, certifying (1) incumbency and specimen signatures of all officers or other representatives of LEI who are authorized to execute Loan Documents on behalf of LEI; (2) attached true, correct, and complete copies of each of the resolutions adopted by the Board of Directors of LEI approving the Loan Documents and authorizing the transactions contemplated in this Agreement and in the Loan Documents, duly adopted at a meeting or by unanimous consent and certifying that the resolutions constitute all the resolutions adopted with respect to these transactions, that they have not been amended, modified, or rescinded in any respect, and that they are in full force and effect as of the date of this Agreement; (3) attached true, correct and complete copies of the organizational documents of LEI and all amendments to them as in effect as of the date of this Agreement; and (4) attached certificates from the appropriate government officials as to the existence and good standing of LEI, each dated not more than 30 days prior to the date of this Agreement, from LEI's state of organization, and certificates as to LEI's qualification as a foreign entity and good standing from each other jurisdiction in which a Mortgage is being delivered by LEI pursuant to this Section 5(a);

iv. the following documents establishing Liens in favor or for the benefit of Rogers in and to the Collateral:

(1) Mortgage Deed of Trust, Assignment, Security Agreement, Financing Statement and Fixture Filing from LEI covering all Oil and Gas Properties of LEI and all improvements, personal property, and fixtures related to them;

(2) Security Agreement from LEI covering all personal property of LEI;

(3) Financing Statements naming LEI as debtor constituent to the documents described in clauses (1) and (2) above (including, without limitation, Financing Statements constituent to the Security Agreement to be filed with the Secretary of State of the States of Nevada and Texas); and

(4) undated letters, in form and substance reasonably satisfactory to Rogers, from LEI to each purchaser of production and disburser of the proceeds of production from or attributable to the Mortgaged Properties, with the addressees left blank, authorizing and directing the addressees to make future payments attributable to production from the Mortgaged Properties directly to Rogers;

v. results of search of the UCC Records of the Secretary of State of Nevada, and the search report shall be from a source or sources acceptable to Rogers and reflecting no Liens, other than Liens permitted by Section 8(e), against any of the Collateral Property as to which perfection of a Lien is accomplished by the filing of a financing statement;

vi. confirmation, reasonably acceptable to Rogers, of the title of LEI to the Mortgaged Property, free and clear of Liens other than Liens permitted by Section 8(e);

vii. receipt by Rogers of a Phase I environmental report on or before ninety days after the Closing Date that the Oil and Gas Properties of LEI are in compliance, in all material respects, with applicable Environmental Laws;

viii. copies of executed counterparts of all operating, lease, sublease, royalty, sales, exchange, processing, farmout, bidding, pooling, unitization, communitization, and other agreements relating to the Mortgaged Property, as reasonably requested by Rogers;

ix. engineering information regarding the Mortgaged Property, as reasonably requested by Rogers;

x. the opinion of The Loev Law Firm, PC, counsel to LEI, and/or other third-party legal counsel reasonably acceptable to Rogers, in form and substance reasonably acceptable to Rogers;

xi. certificates evidencing the insurance coverage required pursuant to Section 7(d);

xii. payment to Robertson Global Credit, LLC, of $150,000.00 as a commitment fee and payment to Meridian Circle Advisors of $225,000.00 as an advisory fee;

xiii. payment from LEI for estimated fees charged by filing officers and other public officials incurred or to be incurred in connection with the filing and recordation of any Security Documents, for which invoices have been presented at least one Business Day prior to the Closing Date;

xiv. (1) all agreements and documents that Rogers requires to establish the Debt Service Reserve Escrow Account, and (2) payment by LEI into the Debt Service Reserve Escrow Account in the amount of $450,000.00;

xv. warrant issued to Robertson Global Credit, LLC, for common stock of LEI, in the form provided in Exhibit A, together with a registration rights agreement with respect to the warrant in form and substance satisfactory to Robertson Global Credit, LLC, it being understood and agreed that the warrant shall be in an amount of LEI shares valued at least at the value of 5% of the principal amount of the Loan ($7,500,000.00) or $375,000.00, with the number of shares calculated based on taking the average of the closing price of LEI's common stock for the sixty trading days immediately preceding the Closing Date and dividing $375,000.00 by that average price, and the warrant per share exercise price shall be the average of the closing price of LEI's common stock for the sixty trading days immediately preceding the Closing Date plus one cent.

xvi. issue a Board consent authorizing Rogers to designate an individual to attend LEI Board of Directors meetings and to allow this individual to participate in discussions in LEI's Board meetings, and affirming that LEI will ensure timely notice of all Board meetings is given to Rogers' designee as if the designee were a Board member; and

xvii. all other agreements, documents, instruments, opinions, certificates, waivers, consents, and evidence that Rogers may reasonably request that are related to the Loan or the Collateral; and

xviii. as partial consideration for restructuring and amending the Note and the Letter Loan Agreement as of March 14, 2014, LEI issued to Robertson Global Credit, LLC, 75,000 shares of restricted shares of common stock in LEI, and paid to Robertson Global Credit, LLC, a restructuring fee of $25,000.00, and paid all actual attorney's fees and expenses incurred by Rogers' legal counsel related to advising on and preparing documentation for the restructured Loan;

b. all representations and warranties made by LEI to Rogers in the Loan Documents are true and correct; and

c. no condition or event exists which constitutes a Default or an Event of Default.

6. Representations and Warranties. In order to induce Rogers to make the Loan, and in order to induce Rogers to amend the Loan as of March 14, 2014, LEI represents and warrants to Rogers as of August 13, 2013, and again as of March 14, 2014, that:

a. Organization, etc. LEI is a corporation validly organized and existing and in good standing under the laws of the State of Nevada. LEI is qualified to do business and is in good standing as a foreign entity in each jurisdiction where the nature of its business requires this qualification. LEI has full power and authority and holds all requisite franchises, patents, copyrights, trademarks, trade names (or rights to any and all of these), licenses, permits, and other approvals (i) to enter into and perform its Obligations under this Agreement and each other Loan Document and (ii) except where failure to do so could not reasonably be expected to have a Material Adverse Effect, to own and hold under lease its property and to conduct its business (including its Oil and Gas Business) substantially as currently conducted by it. As of the date of this Agreement, LEI has only one Subsidiary, LEI Alcalde Properties LLC, a Texas limited liability company, which is wholly-owned.

b. Financial Information. All financial statements delivered by LEI to Rogers prior to the date of this Agreement are true and correct, fairly present the financial condition of LEI, and have been prepared in accordance with GAAP, consistently applied, as of the date of this Agreement, no obligations, liabilities, or indebtedness (including contingent and indirect liabilities) exist that are material to LEI that are not reflected in the financial statements; and no material adverse changes have occurred in the financial condition or business of LEI since the date of the most recent financial statements that LEI has delivered to Rogers. However, certain debt totaling $3.25 million incurred after March 31, 2013, was not included in those financial statements as it was incurred after the date of the last Form 10-Q filed by LEI. LEI has provided Rogers with a list of this indebtedness prior to the date of this Agreement that includes the dates, amounts, names of lenders, and basic terms of each of these debt obligations that is true and correct.

c. Due Authorization, Non-Contravention, etc. The execution, delivery, and performance by LEI of this Agreement, and each other Loan Document executed or to be executed by it, are within LEI's powers, have been duly authorized by all necessary corporate or other action, and do not (1) violate LEI's organizational documents; (2) violate any other contractual restriction, law, or governmental regulation or court decree or order binding on or affecting any LEI or its Assets where the violation could reasonably be expected to have a Material Adverse Effect; or (3) result in, or require the creation or imposition of, any Lien on any of LEI's properties except for Liens granted under the Loan Documents.

d. Governmental Approval, Regulation, etc. No authorization or approval or other action by, and no notice to or filing with, any Governmental Authority or other Person is required for (1) the due execution, delivery, or performance by LEI of this Agreement or any other Loan Document, or (2) the grant by LEI of the Liens granted under the Security Documents and the validity, perfection, priority, and enforceability of the Liens other than the recording or filing of Security Documents or related notice filings with appropriate Governmental Authorities. LEI is not an "investment company" within the meaning of and subject to regulation under the Investment Company Act of 1940.

e. Validity, etc. This Agreement and each other Loan Document executed by LEI will, on the due execution and delivery of each of these documents, constitute the legal, valid, and binding obligations of LEI, enforceable against LEI in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, or similar laws relating to or affecting the enforcement of creditors' rights generally as well as general principles of equity (regardless of whether the enforcement is considered in a proceeding in equity or at law). Without limiting these items, each Security Document executed by LEI creates a valid Lien on the Collateral Property of LEI as provided in each Security Document, and upon filing or recording of each Security Document will constitute a valid perfected first-priority (subject to any Liens permitted under Section 8(e)) Lien on the Collateral Property.

f. Litigation, etc. No litigation, investigation, or governmental proceeding is pending or, to the knowledge of any of LEI's officers, threatened against or affecting LEI, that may result in any material adverse change in LEI's business, properties, or operations or that purports to affect the legality, validity, or enforceability of this Agreement, the Note, or any other Loan Document, except as disclosed in LEI's SEC filings and except in connection with LEI's pending lawsuit with South Texas Pad Site Development, LLC, *et al.* (Cause No. 2013-09179 in the 127th Judicial District Court of Harris County, Texas).

g. No Material Adverse Change. LEI knows of no specific fact or facts that LEI has not disclosed to Rogers in writing that are likely to result in any material adverse change in LEI's business, properties, or operations. No material adverse change has occurred with respect to the Mortgaged Property since the date of the Initial Reserve Report, other than conditions affecting the oil and gas industry in general.

h. Ownership of Properties.

i. LEI owns good and defensible title to all of its Oil and Gas Properties and good title to all its Assets constituting personal property, in each case, free and clear of all Liens except Liens permitted by Section 8(e). After giving full effect to the permitted Liens, LEI owns the net interests in production attributable to the Hydrocarbon Interests as reflected in the Initial Reserve Report, and the ownership of these Hydrocarbon Interests shall not in any material respect obligate LEI to bear the costs and expenses relating to the maintenance, development, and operations of each of the Hydrocarbon Interests in an amount in excess of the working interest of each of the Oil and Gas Property set forth in the Initial Reserve Report that is not offset by a corresponding proportionate increase in LEI's net revenue interest in the Hydrocarbon Interests.

ii. All material leases, permits, and agreements necessary for the conduct of the business of LEI (including those held by or on behalf of an operator of LEI's properties) are valid and subsisting, in full force and effect, and no default exists, nor does any event or circumstance exist that, with the giving of notice or the passage of time or both, would give rise to a default under any LEI lease, permit, or agreement that could reasonably be expected to have a Material Adverse Effect.

iii. All of the Assets of LEI that are reasonably necessary for the operation of its business are in good working condition and are maintained in accordance with prudent business standards.

iv. LEI owns, or is licensed to use, all trademarks, trade names, copyrights, patents, and other intellectual property material to its business, and the use of them by LEI does not infringe upon the rights of any other Person, except for any infringements that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. LEI owns or has valid licenses or other rights to use all databases, geological data, geophysical data, engineering data, seismic data, maps, interpretations, and other technical information used in their businesses as presently conducted, subject to the limitations contained in the agreements governing the use and transfer of these items, and any limitations are customary for companies engaged in the business of the exploration and production of Hydrocarbons, with exceptions that could not reasonably be expected to have a Material Adverse Effect.

i. Offices. The principal office, chief executive office, and principal place of business of LEI are located at 3555 Timmons Lane, Suite 1550, Houston, Texas, 77027.

j. Taxes. All taxes required to be paid by LEI to date have in fact been paid, except for taxes being contested in good faith by appropriate proceedings for which adequate reserves have been established.

k. Accuracy of Information. No written certificate, written statement, financial statements, or other documents provided with this Agreement or previously delivered by LEI to Rogers in connection with this Agreement or in connection with any transaction contemplated by this Agreement, contains any untrue statement of a material fact or fails to state any material fact necessary to keep the statements contained in them or in this Agreement from being misleading.

l. Agreements. Except as disclosed in SEC filings, LEI is not in default in any respect in the performance, observance, or fulfillment of any of the obligations, covenants, or conditions contained in any material agreement or instrument material to LEI's business (including any material financing agreement or leasing agreement) to which it is a party, except as could not reasonably be expected to have a Material Adverse Effect. LEI is not a party to any material agreement or arrangement, or subject to any order, judgment, writ, or decree, that either restricts or purports to restrict its ability to grant Liens to Rogers on or in respect of its Assets to secure the Obligations and the Loan Documents.

m. Compliance with Laws, etc. Excluding consideration of Environmental Laws, which are separately addressed in the Mortgage, LEI has complied with all applicable statutes, rules, regulations, orders, and restrictions of any government or any instrumentality or agency of government having jurisdiction over the conduct of its business or the ownership of its Hydrocarbon Interests, except where the failure to comply could not reasonably be expected to have a Material Adverse Effect.

n. Insurance. LEI maintains or has caused to be maintained: (a) casualty and liability insurance to the extent and against those risks that are customarily covered by companies of similar size and in the Oil and Gas Business, (b) workmen's compensation insurance in the amount required by applicable law, (c) general liability insurance in the amount customary with companies of similar size and in the same or similar business against claims for personal injury or death on properties owned, occupied, or controlled by it, and (d) all other insurance that may be required by law.

o. Marketing of Production. Except for contracts either disclosed in writing to Rogers or included in the Initial Reserve Report (with respect to all of which contracts LEI represents that it is receiving a price for all production sold under them that is computed substantially in accordance with the terms of the relevant contract and are not having deliveries curtailed substantially below the subject Oil and Gas Property's delivery capacity), no material agreements exist that (a) pertain to the sale of production at a fixed price and (b) have a maturity or expiry date of longer than six months from the date of this Agreement except agreements that are cancelable on sixty days' notice or less without penalty or detriment for the sale from LEI's Hydrocarbons (including calls on or other rights to purchase production, regardless of whether they are currently being exercised).

p. Gas Imbalances. On a net basis, no gas imbalances, take or pay, or other prepayments exist that would require LEI to deliver Hydrocarbons produced from the Oil and Gas Properties evaluated in the Initial Reserve Report at some future time without then or subsequently receiving full payment for them exceeding three percent (3%) of the aggregate amount of Hydrocarbons (on an mcf equivalent basis) produced from the Oil and Gas Properties of LEI during the fiscal quarter then ended.

q. Hedge Transactions. As of the date of this Agreement, LEI has no Hedge Transactions.

7. Affirmative Covenants. Until payment in full of the Note and all other Obligations, LEI agrees and covenants that (unless Rogers otherwise consents in writing) it will:

a. Reporting Requirements. Furnish to Rogers, or cause to be furnished to Rogers (via e-mail whenever possible), the following:

i. as soon as possible, and in any event within five calendar days after becoming aware of the occurrence or existence of each Default or Event of Default under this Agreement or of any of the Loan Documents, or of any material adverse change in the financial condition of LEI, a written statement of the chief financial officer of LEI (or in his or her absence, a responsible senior officer of LEI who is an Authorized Officer), setting forth details of the Default, Event of Default, or change, and the action that LEI has taken, or has caused to be taken, or proposes to take, or to cause to be taken, regarding the event;

ii. as soon as available, and in any event within five days after LEI files its annual report for each fiscal year, beginning with the fiscal year ending on March 31, 2014, the unqualified (except for qualifications relating to changes in accounting principles or practices reflecting changes in GAAP) audited report for that fiscal year for LEI, including audited financial statements (consolidated, as applicable) of LEI as of the end of that fiscal year (which shall include a statement of cash flows), all prepared in all material respects in conformity with GAAP consistently applied and all as audited by Hein & Associates, LLP (or any other reputable independent certified public accountants selected by LEI);

iii. as soon as available, and in any event within twenty-five days after and as of the end of each calendar month, including the last reporting period of each of LEI's fiscal years, draft financial statements of LEI, consolidated, as applicable, for and as of that reporting period, including a balance sheet, statement of earnings, and statement of cash flows for and as of the reporting period then ending and for and as of that portion of the fiscal year then ending, in each case, prepared and certified by the chief financial officer of LEI (or in his or her absence, a responsible senior officer of LEI that is an Authorized Officer) as to consistency with prior financial reports and accounting periods, accuracy, and fairness of presentation; however, for each month that is the end of a fiscal quarter, LEI shall instead provide to Rogers via e-mail within five days after it is filed with the SEC a copy of or a link to its Form 10-Q for that fiscal quarter;

iv. concurrently with the delivery to Rogers of the financial statements described in clauses (ii) and (iii) above, a certificate from the chief financial officer of LEI (or in his or her absence, a responsible senior officer of LEI who is an Authorized Officer), in form and content satisfactory to Rogers, certifying, as of the date of the certificate, that no Default or Event of Default has occurred under any Loan Document that is then continuing or, if a Default or Event of Default has occurred and does continue, specifying the nature and period of existence and all actions taken or proposed to be taken by LEI with respect to the Default or Event of Default;

(1) on or before January 1st of each calendar year, commencing January 1, 2014, at LEI's expense, a Reserve Report prepared by an Approved Engineer dated as of a date on or about (but in any event not later than) October 1st of the immediately preceding year; and (2) and on or before July 1st of each calendar year, commencing July 1, 2014, at LEI's expense, a Reserve Report prepared by an Approved Engineer dated as of a date on or about (but in any event not later than) April 1st of that calendar year.

v. concurrently with the delivery to Rogers of the Reserve Reports described in clause (v) above, a certificate from an Authorized Officer certifying that, to the best of that officer's knowledge, (A) the factual information upon which the Reserve Report is based is true and correct in all material respects, (B) the certificate identifies the Oil and Gas Properties covered by the Reserve Report that have not been previously included in any prior Reserve Report, and (C) the Mortgaged Property constitutes not less than 80% of the Proved Reserves (whether developed or undeveloped) set forth in the Reserve Report;

vi. as soon as available, and in any event no later than fifty days after the end of each calendar quarter, an internally prepared operations update of current producing wells, new workovers performed, new redrill/reworked wells, or new wells drilled for the previous quarter. This update would include the current status of each well, cost overruns, open AFEs, or any other information necessary that management would need to run LEI's operations. This information shall be presented in a form and in substance reasonably satisfactory to Rogers;

vii. as soon as available, and in any event no later than fifty days after the end of each calendar quarter, LEI's projected budget and schedule for capital expenditures by LEI for the next upcoming calendar quarter (*e.g.*, with the quarter ending March 31, 2014, LEI shall provide to Rogers a projected budget and schedule for capital expenditures for the quarter beginning July 1, 2014, no later than May 20, 2014);

viii. promptly upon receipt of them, copies of all management letters and other substantive reports submitted to LEI by independent certified public accountants in connection with any annual audit of LEI;

ix. promptly after they are available, copies of each annual report, proxy, or financial statement or other report or communication sent to any holder of debt securities of LEI and copies of all annual, regular, periodic, and special reports and registration statements that LEI may file or be required to file with the SEC under Section 13 or 15(d) of the Securities Exchange Act of 1934, and not otherwise required to be delivered to Rogers pursuant to this Agreement;

x. promptly after they are paid in full but in no event later than thirty days after the Closing Date, copies of documents establishing that all of the $3.25 million in outstanding loans incurred by LEI after March 31, 2013, and prior to the Closing Date of this Loan have been paid in full;

xi. immediately upon receipt of confirmation that a wire transfer payment has been made to Rogers, LEI shall send via e-mail to Rogers' attorney, Sharon E. Conway (or any subsequent attorney named by Rogers), a copy of the confirmation; and, for any payments made to Rogers by check, LEI shall contemporaneously send via e-mail to Rogers' attorney a scanned PDF copy of the payment and any transmittal letter sent by LEI to Rogers, along with the Federal Express tracking number; and

xii. promptly, and in form and detail satisfactory to Rogers, all other information that Rogers may reasonably request from time to time.

b. Compliance with Laws, Maintenance of Existence, etc. (i) Comply in all material respects with all applicable laws, rules, regulations, and orders, including all Environmental Laws, except to the extent that a failure to comply could not reasonably be expected to have a Material Adverse Effect; (ii) do all things necessary and proper to (A) maintain and preserve its (x) corporate or other existence and (y) franchises and privileges in the jurisdiction of its formation and (B) qualify and remain qualified as a foreign entity authorized to do business in each jurisdiction where it has Assets or properties or conducts business, except where a failure to qualify or remain qualified could not reasonably be expected to have a Material Adverse Effect; and (iii) pay, before they become delinquent, all taxes, assessments, and governmental charges imposed upon it or upon its Assets except to the extent being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books.

c. Maintenance of Properties. LEI shall:

i. maintain, preserve, protect, and keep its respective properties in good repair, working order and condition (ordinary wear and tear excepted), and make necessary repairs, renewals, and replacements so that the business carried on by LEI may be properly conducted at all times, unless LEI determines in good faith that the continued maintenance of certain property is no longer economically desirable, necessary, or useful to the business of LEI or the sale, assignment, or transfer of the property is otherwise permitted by Section 8(i);

ii. operate its Oil and Gas Properties and other material Assets, or cause its Oil and Gas Properties and other material Assets to be operated, in a careful and efficient manner in accordance with the practices of the industry and in compliance with all applicable contracts and agreements and in compliance with all applicable law, including applicable proration requirements and Environmental Laws, and all applicable law, rules, and regulations of every other Governmental Authority from time to time constituted to regulate the development and operation of its Oil and Gas Properties and the production and sale of Hydrocarbons and other minerals from them, only if related to the Proved Reserves;

iii. promptly pay and discharge, or make reasonable and customary efforts to cause to be paid and discharged, all delay rentals, royalties, expenses, and indebtedness accruing under the leases or other agreements affecting or pertaining to its Proved Reserves and will do all other things necessary to keep its rights to its Proved Reserves unimpaired and prevent any forfeiture of them or default under them;

iv. promptly perform or make reasonable and customary efforts to cause to be performed, in accordance with industry standards, the obligations required by each and all of the assignments, deeds, leases, sub-leases, contracts, and agreements affecting its interests in its Proved Reserves and other material Assets; and

v. to the extent LEI is not the operator of any Oil and Gas Property, LEI shall use reasonable efforts to cause the operator to comply with this Section 7(c).

d. Insurance. Maintain, in each case, to the reasonable satisfaction of Rogers:

i. insurance on its property with an insurance company rated A or higher by A. M. Best Company with coverage against loss and damage in at least the amounts currently maintained by LEI and insuring against those risks that are typically insured against by Persons of comparable size to LEI and Persons engaged in the same or similar business as LEI; and

ii. all worker's compensation, employer's liability insurance, or similar insurance that may be required under the laws of any state or jurisdiction in which it may be engaged in business.

Without limiting the items listed above in this Section 7(d), all insurance policies required pursuant to this Section 7(d) shall: (i) name Rogers as loss payee (in the case of property insurance) or name Rogers as additional insured (in the case of liability insurance), as applicable; and (ii) provide that the insurer will provide at least thirty days' (or ten days', in the case of non-payment of premiums) prior written notice to Rogers before cancelling or materially modifying the policies.

e. Books and Records. Keep books and records that accurately reflect all of its business affairs and transactions and permit Rogers or her representatives, upon seven calendar days' prior notice, at reasonable times and intervals, to visit all of its offices, to discuss its financial matters with its officers and independent public accountant (and LEI authorizes its independent public accountant, with prior notice to LEI and an opportunity to attend, to discuss LEI's financial matters with Rogers or her representatives) and to examine (and, at the expense of LEI, photocopy or electronic copy extracts from) any of its books or other records. LEI shall pay any reasonable fees of its independent public accountant incurred in connection with Rogers' exercise of her rights pursuant to this Section 7(e).

f. Agreement to Deliver Security Documents.

i. Deliver promptly to further secure the Obligations whenever requested by Rogers in good faith, Mortgages, Security Agreements, financing statements, continuation statements, extension agreements, and other similar agreements or instruments (in addition to those required to be delivered under Section 5) in form and substance reasonably satisfactory to Rogers in good faith for the purpose of granting, confirming, and perfecting first and prior (other than with respect to Liens permitted pursuant to Section 8(e)) liens or security interests in any property that is at that time Collateral Property or that was intended to be Collateral Property pursuant to any Loan Document previously executed and not then released by Rogers; provided, however, that LEI shall at all times maintain in effect in favor of Rogers (A) all Mortgages deemed necessary by Rogers to grant, confirm, and perfect first and prior (other than with respect to Liens permitted pursuant to Section 8(e)) liens or security interests in 80% of the Proved Reserves set forth in the most recent Reserve Report (whether developed or undeveloped); and further provided, however, that in the event that the Hydrocarbon Interests on which Rogers has a first priority perfected Lien (other than with respect to Liens permitted pursuant to Section 8(e)) shall constitute less than 80% of the Proved Reserves (whether developed or undeveloped), LEI shall promptly notify Rogers and execute or cause to be executed additional Mortgages necessary to increase the percentage to 80%, in each case, together with tax affidavits or other documents or instruments as may be necessary or, in the reasonable opinion of Rogers, desirable for the due recordation or filing of the additional Mortgages and (B) all Security Documents deemed necessary by Rogers to grant, confirm, and perfect first and prior liens and security interests in all of LEI's personal property, including cash, accounts, receivables, inventory, contract rights, and general intangibles.

ii. Deliver promptly title opinions or other title reports or information in form and substance reasonably acceptable to Rogers with respect to the Oil and Gas Properties constituting at least 80% in the aggregate of the present value (determined by a discount factor of 10%) of all Proved Reserves set forth in the most recent Reserve Report delivered to Rogers.

iii. Subordinate in favor of Rogers any contractual or statutory Liens held by LEI as co-working interest owner under joint operating agreements or similar contractual arrangements with respect to LEI's share of the expense of exploration, development, and operation of oil, gas and mineral leasehold or fee interests jointly owned with others and operated by LEI.

g. Compliance with Other Contractual Obligations. Perform and observe in all material respects all of the covenants and agreements contained in each contract or agreement to which LEI is a party that are provided to be performed and observed on the part of LEI, taking into account any grace period, and shall diligently and in good faith enforce, using appropriate procedures and proceedings, all of its material rights and remedies under (including taking all diligent actions required to collect amounts owed to LEI by any other parties) each contract or agreement, except, in each case, where failure to comply could not reasonably be expected to have a Material Adverse Effect.

h. Further Assurances. At LEI's expense, promptly execute and deliver to Rogers all other docments, agreements, and instruments reasonably requested by Rogers to comply with, cure any defects, or accomplish the conditions precedent, covenants, and agreements of LEI in the Loan Documents; or to further evidence and more fully describe the Collateral Property intended as security for the Obligations; or to correct any error or omission in this Agreement or the Security Documents; or to state more fully the obligations secured; or to perfect, protect, or preserve any Liens created pursuant to this Agreement or any of the Security Documents; or to perfect, protect, or preserve the priority of the Liens; or to make any recordings, file any notices, or obtain any consents; all as may be reasonably necessary or appropriate, in the sole discretion of Rogers.

i. Title to Properties. Own good and defensible title to all of its Oil and Gas Properties and good title to all its Assets constituting personal property, in each case, free and clear of all Liens except Liens permitted by Section 8(e). After giving full effect to the permitted Liens, LEI shall own the net interests in production attributable to the Hydrocarbon Interests as reflected in the most recently delivered Reserve Report, and the ownership of the Hydrocarbon Interests shall not in any material respect obligate LEI to bear the costs and expenses relating to the maintenance, development, and operations of each of the Hydrocarbon Interests in an amount in excess of the working interest of each Oil and Gas Property set forth in the most recently delivered Reserve Report that is not offset by a corresponding proportionate increase in LEI's net revenue interest in the Hydrocarbon Interests.

j. Use of Proceeds. Use the proceeds of the Loan solely to refinance existing Debt and for general corporate purposes.

k. [INTENTIONALLY OMITTED.].

l. Compliance with ERISA. In the event that LEI maintains or establishes a Pension Plan subject to ERISA, (a) comply in all material respects with all requirements imposed by ERISA as presently in effect or subsequently promulgated, including, but not limited to, minimum funding requirements; (b) promptly notify Bank upon the occurrence of a "reportable event" or "prohibited transaction" within the meaning of ERISA, or that the PBGC or LEI has instituted or will institute proceedings to terminate any Pension Plan, together with a copy of any proposed notice of the event that may be required to be filed with the PBGC; and (c) furnish to Rogers (or cause the plan administrator to furnish Rogers) a copy of the annual return (including all schedules and attachments) for each Pension Plan covered by ERISA, and filed with the Internal Revenue Service by LEI not later than ten days after the report has been filed.

m. **Indemnification. Indemnify, defend, and save Rogers and her representatives, advisors, employees, agents, heirs, successors, and assigns (collectively, the "Indemnified Parties") harmless from any and all claims, losses, costs, damages, liabilities, obligations, and expenses, including, without limitation, actual attorneys' fees (whether inside or outside counsel is used), incurred by Rogers as a result of any Default or Event of Default, in defending or protecting the Liens or the priority of the Liens that secure or purport to secure all or any portion of the Loan, whether existing under any Loan Document or otherwise, or in enforcing the obligations of LEI or any other Person under or pursuant to any Loan Document, or in the prosecution or defense of any action or proceeding concerning any matter growing out of or connected with the Collateral Property or any Loan Document, INCLUDING ANY CLAIMS, LOSSES, COSTS, DAMAGES, LIABILITIES, OBLIGATIONS, AND EXPENSES RESULTING FROM ROGER'S OWN NEGLIGENCE, except and to the extent, but only to the extent, caused by Rogers' gross negligence or willful misconduct.**

n. Post-Closing Obligations. LEI has either already executed and delivered the documents and complete the tasks set forth on Schedule B, in each case within the time limits specified in Schedule B (unless the time limits are extended in writing by Rogers), or Rogers has expressly waived the obligation.

o. Survival of Covenants. All of the covenants in this Section 7 are considered effective as of the date given and survive the termination of this Agreement.

8. Negative Covenants. Until payment in full of the Note and all other Obligations, LEI covenants that it shall not (unless Rogers otherwise consents in writing):

a. Asset Coverage Test. Permit, as of any Test Date, the ratio of (i) Total Proved PV10% as in effect on the Test Date to (ii) the Obligations as of the Test Date to be less than 4.00 to 1.00; provided that in no event shall the Total Proved PV10% be less than $30,000,000 at any time.

b. Business Activities. Engage in any business activity except the Oil and Gas Business.

c. Debt. Incur or assume any Debt, except for (i) Debt pursuant to the Loan and other Obligations, (ii) Debt directly related to Hedge Transactions that LEI is permitted to enter into (or not prohibited from entering into) pursuant to Section 8(d), and (iii) current unsecured trade, utility, or non-extraordinary accounts payable arising in the ordinary course of business.

d. Hedge Transactions. Enter into any Hedge Transaction, except that LEI shall be permitted to enter into Hedge Transactions with a credible counterparty related to bona fide (and not speculative) hedging activities of LEI.

e. Liens. Permit, create, incur, assume, or suffer to exist any Lien upon any of its property, revenues, or Assets, whether now owned or subsequently acquired, except:

i. Liens securing payment of the Obligations;

ii. Liens for taxes, assessments, or other governmental charges or levies that are not delinquent or that are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books;

iii. Liens of carriers, warehousemen, mechanics, materialmen, landlords, and other like Liens incurred in the ordinary course of business for sums in an amount of less than $250,000.00 and that are not overdue for a period of more than ninety days or that are being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books;

iv. Liens incurred in the ordinary course of business in connection with workmen's compensation, unemployment insurance, pensions, or other forms of governmental insurance or benefits;

v. Liens relating to banker's liens, rights of set-off, or similar rights and remedies and burdening only deposit accounts or other funds maintained with a creditor depository institution, provided that no deposit account is a dedicated cash collateral account or is subject to restrictions against access by the depositor in excess of those set forth by regulations promulgated by the Board of Governors of the Federal Reserve System and no deposit account is intended by LEI to provide collateral to the depository institution;

vi. easements, rights-of-way, servitudes, permits, reservations, exceptions, covenants, and other restrictions regarding the use of real property and other similar encumbrances incurred in the ordinary course of business that do not secure the payment of Debt and that, in the aggregate, are not substantial in amount and that do not in the aggregate materially detract from the value of the Hydrocarbon Interest subject to these restrictions or materially interfere with the ordinary conduct of LEI's business;

vii. Liens of operators and/or co-working interest owners under joint operating agreements or similar contractual arrangements with respect to LEI's proportionate share of the expense of exploration, development, and operation of oil, gas, and mineral leasehold or fee interests jointly owned with others, to the extent that they relate to sums not yet overdue, or if they relate to sums that are overdue, then to the extent that they are being contested in good faith by appropriate proceedings and execution of the associated Lien has been stayed, either pursuant to agreement of the Lien claimant or by a valid order of a court having jurisdiction;

viii. (A) to the extent not addressed in clauses (vi) and (xii), Liens or claims upon, and defects of title to, real or personal property, including any attachment of personal or real property or other legal process prior to adjudication of a dispute on the merits; or (B) adverse judgments on appeal, provided, that, in each case, (1) the validity or amount of the judgment is being contested in good faith by appropriate and lawful proceedings, (2) the levy or execution on the judgment has been stayed and continues to be stayed, and (3) the judgments do not, in the aggregate, materially detract from the value of the property of LEI, or materially impair the use of the property in the operation of LEI's business;

ix. rights reserved to or vested in a Governmental Authority having jurisdiction to control or regulate any Oil and Gas Property in any manner whatsoever and all laws of the Governmental Authority, so long as LEI is in compliance with all applicable laws, except for any non-compliance that would not result in a Material Adverse Effect;

x. All lessor's royalties, overriding royalties, net profits interests, carried interests, production payments, reversionary interests, and other burdens on or deductions from the proceeds of production created or in existence as of the date of this Agreement with respect to each Oil and Gas Property (in each case) that do not operate to reduce the net revenue interest for the Oil and Gas Property (if any) or increase the working interest for the Oil and Gas Property (if any) without a corresponding increase in the corresponding net revenue interest and that do not operate to reduce the net revenue interest for the Oil and Gas Property below the net revenue interest, if any, warranted by LEI for that Oil and Gas Property in any Mortgage;

xi. consents to assignment and similar contractual provisions affecting an Oil and Gas Property to the extent and only to the extent that the consents do not affect the grant or assignment and delivery of any Security Document, any existing Lien held by Rogers, or the execution of any remedies under any of the Loan Documents by Rogers; and

xii. (1) zoning, building, entitlement, and other land use regulations by Governmental Authorities with which the normal operation of the business complies, and (2) any zoning or similar law or right reserved to or vested in any Governmental Authority to control or regulate the use of any real property that does not materially interfere with the ordinary conduct of the business of LEI.

f. Investments. Make, incur, or assume any Investment in any other Person (including, without limitation, formation of and Investment in any Subsidiary) except:

i. extensions of trade credit in the ordinary course of business;

ii. Investments in Cash Equivalent Investments;

iii. the endorsement of negotiable instruments for collection in the ordinary course of business;

iv. Investments in Hedge Transactions to the extent not otherwise prohibited by this Agreement;

v. Investments with third parties that (1) are customary in the Oil and Gas Business, (2) are made in the ordinary course of the Person's and LEI's business, and (3) are made in the form of or pursuant to operating agreements, process agreements, farm-in agreements, farm-out agreements, development agreements, unitization agreements, pooling agreements, joint bidding agreements, service contracts, and other similar agreements; and

vi. guarantees by LEI of operating leases or of other obligations that, in each case, do not constitute Debt and are entered into in the ordinary course of business.

g. Sale and Leaseback. Directly or indirectly enter into any agreement or arrangement providing for the sale or transfer by LEI of any property (now owned or subsequently acquired) to a Person and the subsequent lease or rental of that property or other similar property from that Person to LEI.

h. Consolidation, Merger, etc. Become a party to a merger or consolidation, or purchase or otherwise acquire all or substantially all of the business or assets of any Person, or all or substantially all of the shares or other evidence of beneficial ownership of any Person that results in a Change In Management of LEI, or wind up, dissolve, or liquidate.

i. Disposition of Assets. Dispose of any Capital Stock owned or held by it or any other Assets, except:

i. Dispositions of Hydrocarbons and other inventory in the ordinary course of business;

ii. Dispositions of obsolete, damaged, worn out, or replaced property and dispositions in the ordinary course of business of property no longer used or useful in the conduct of the business of LEI;

iii. Disposition to third parties of Oil and Gas Properties, provided that: (A) no Event of Default exists at the time of the Disposition or results from the Disposition; (B) the Total Proved PV10% shall be reduced, effective immediately upon the Disposition, by Rogers in her sole discretion by an amount equal to the aggregate value of the Oil and Gas Properties (as determined by Rogers to be the approximate value, if any, assigned to the Oil and Gas Properties under the most recent Total Proved PV10% determination); (C) the consideration received from the Disposition is equal to or greater than the fair market value of the Oil and Gas Properties (as reasonably determined by LEI's management or Board of Directors and, if requested by Rogers, LEI shall deliver a certificate of an Authorized Officer of LEI certifying to that effect); and (D) to the extent a Collateral Value Deficiency results from any reduction pursuant to Section 8(i)(iii)(B), up to one-hundred percent (100%) of the gross proceeds of the Disposition is immediately paid to Rogers by wire transfer of immediately available funds and applied first to any unpaid Obligations, then to accrued interest, and then to principal; and

iv. farmouts of undeveloped acreage and assignments in connection with any farmouts.

In the event of the Disposition of any Assets as permitted by this Section 8(i) or otherwise permitted under the Loan Documents, Rogers shall execute and deliver to LEI, at LEI's sole cost and expense, any and all releases of Liens, termination statements, assignments, or other documents reasonably requested by LEI in connection with the Disposition.

j. Transactions with Affiliates. Except as otherwise permitted by this Agreement or any other Loan Document, not enter into, or cause, suffer, or permit to exist any arrangement or contract with any Affiliate of LEI unless the arrangement or contract is fair and equitable to LEI and is on terms no less favorable to LEI than an arrangement or contract of the kind that would be entered into by a prudent Person in the position of LEI with a Person that is not an Affiliate of LEI.

k. Restrictive Agreements, etc. Enter into any agreement (excluding this Agreement and any other Loan Document) prohibiting (a) the creation or assumption of any Lien upon its Assets, whether now owned or subsequently acquired, under any of the Security Documents; or (b) the ability of LEI to enter into an amendment or modification of this Agreement or any other Loan Document.

l. Gas Imbalances. Allow gas imbalances, take-or-pay, or other prepayments with respect to the Oil and Gas Properties of LEI that would require LEI to deliver Hydrocarbons at some future time without then or subsequently receiving full payment for them to exceed three percent (3%) of the aggregate amount of Hydrocarbons (on an mcf equivalent basis) produced from the Oil and Gas Properties of LEI during the fiscal quarter of LEI then ended.

m. Accounting. Change its fiscal year or make any change (a) in accounting treatment or material reporting practices, except as permitted by GAAP and disclosed to Rogers or (b) in tax reporting treatment, except as permitted by law and disclosed to Rogers.

n. Modification of Organizational Documents and Contract Operator Agreement. Consent to any amendment, supplement, or other modification of the terms or provisions contained in (i) the organizational documents of LEI if the result would have a Material Adverse Effect on the rights or remedies of Rogers, or (ii) any Contract Operator Agreement if the amendment, supplement, or other modification could reasonably be expected to be materially detrimental to the interests of Rogers.

o. Sale or Discount of Receivables. Except for receivables obtained by LEI that are outside the ordinary course of business or the settlement of joint interest billing accounts in the ordinary course of business or discounts granted to settle collection of accounts receivable or the sale of defaulted accounts arising in the ordinary course of business in connection with the compromise or collection of them and not in connection with any financing transaction, LEI will not discount or sell (with or without recourse) any of its notes receivable or accounts receivable.

p. Marketing. LEI represents that it is receiving a price for all production sold under its contracts disclosed in writing to Rogers or included in the most recently delivered Reserve Report that is computed substantially in accordance with the terms of the relevant contract and deliveries are not being curtailed substantially below the subject Oil and Gas Property's delivery capacity. Except for contracts either disclosed in writing to Rogers or included in the most recently delivered Reserve Report, LEI will not enter into any material agreement that (a) pertains to the sale of production at a fixed price and (b) has a maturity or expiry date of longer than six months except agreements that are cancelable on 60 days' notice or less without penalty or detriment for the sale from LEI's Hydrocarbons (including calls on or other rights to purchase production, regardless of whether these rights are currently being exercised).

q. Pension Plans. Except in compliance with this Agreement, enter into, maintain, or make contribution to, directly or indirectly, any Pension Plan that is subject to ERISA.

r. Survival of Covenants. All of the covenants in this Section 8 are considered effective as of the date given and survive the termination of this Agreement.

9. Default. LEI will be in default of this Agreement, the Note, the Security Agreement, and the other Loan Documents if LEI fails in its performance of any duty imposed on it in the Loan Documents, or if any of the following happens ("Default" or "Event of Default"):

a. LEI fails to timely make any principal or interest payment on the Note (at which time default interest and late payments set forth in the Note automatically apply retroactively for that payment through the date the payment is made in full), and Rogers gives notice of this failure to LEI but does not receive the payment in full on or before the fifteenth day after the date Rogers gives LEI notice of its failure to pay. If LEI pays all past due amounts prior to the fifteenth day after notice from Rogers of the late payment, the Loan shall not be declared in Default and the Note shall revert back to the regular non-default interest rate.

b. LEI fails to timely make any payment of any Obligation due pursuant to this Agreement, the Note, the Security Agreement, or any of the other Loan Documents, and Rogers gives notice of this failure to LEI but does not receive the payment in full on or before the tenth day after the date Rogers gives Lucas the notice.

c. Any representation or warranty made in this Agreement or in any of the Loan Documents or any other writing or certificate furnished by or on behalf of LEI to Rogers is or shall be false or incorrect when made or deemed made and results in a Material Adverse Effect to Rogers.

d. (i) LEI fails to comply with its covenants or agreements contained in Section 7(a)(i) and (xi), 7(b)(ii)(A)(x), 7(d), or 7(n) or Section 8 (other than Section 8(i) and 8(k)) of this Agreement; (ii) LEI fails to comply with its covenants or agreements contained in Section 8(i) or 8(k) of this Agreement, and the default continues for a period of thirty Business Days after the earlier of (A) the date any officer of LEI has knowledge of the default or (B) Rogers sends notice of the default to LEI; or (iii) LEI fails to comply with its covenants or agreements contained in this Agreement or in any of the other Loan Documents that is not covered by clause (i) or (ii) or any other provision of this Section 9 and the default continues for a period of thirty days after the earlier of (A) the date any officer of LEI has knowledge of the default or (B) Rogers sends notice of the default to LEI.

e. LEI (i) applies for or consents to the appointment of a receiver, custodian, trustee, intervenor, or liquidator of it or of all or a substantial part of its assets; (ii) voluntarily becomes the subject of a bankruptcy, reorganization or insolvency proceeding or be insolvent or admit in writing that it is unable to pay debts as they become due; (iii) makes a general assignment for the benefit of creditors; (iv) files a petition or answer seeking reorganization or an arrangement with creditors or to take advantage of any bankruptcy or insolvency laws; (v) files an answer admitting the material allegations of, or consents to, or defaults in answering, a petition filed against it in any bankruptcy, reorganization, or insolvency proceeding; (vi) becomes the subject of an order for relief under any bankruptcy, reorganization, or insolvency proceeding; or (vii) fails to pay any money judgment against it before the expiration of thirty days after the judgment becomes final and no longer subject to appeal.

f. An order, judgment, or decree is entered by any court of competent jurisdiction or other competent authority approving a petition appointing a receiver, custodian, trustee, intervenor, or liquidator of LEI or of all or substantially all of its assets, and the order, judgment, or decree continues unstayed and in effect for a period of sixty days; or a complaint or petition is filed against LEI seeking or instituting a bankruptcy, insolvency, reorganization, rehabilitation, or receivership proceeding of LEI, and the petition or complaint has not been dismissed within thirty days after it was filed.

g. LEI defaults in the payment of any Debt of LEI (other than to Rogers) or in the observance or performance of any term, covenant, or condition in any document evidencing, securing, or relating to the Debt, and the default continues for more than any applicable period of grace and the default results in LEI owing, through default and/or acceleration, an amount in excess of $250,000.00.

h. Any Loan Document is terminated, revoked, or otherwise rendered void or unenforceable, in any case without Rogers' prior written consent.

i. Any Change in Management occurs.

j. A Material Adverse Effect occurs.

k. An event of default under any other Loan Document occurs and continues.

l. At any time on or after August 13, 2013, and continuing until the Note is paid in full, the Board of Directors of LEI fails to allow Rogers' designated Board observer to attend, observe, or participate in discussions in any meeting of the Board of Directors of LEI, or LEI fails to give Rogers' designated Board observer the same notice of the Board meeting as that given to the Board members.

10. Representations and Warranties of Rogers. Rogers acknowledges that, due to the terms and conditions of this Agreement and the disclosure requirements set forth in it, she will have access to and will be provided by LEI with, certain material non-public information about LEI. In connection with this acknowledgement by Rogers and in partial consideration for LEI providing this information to Rogers, Rogers agrees that:

a. LEI is a publicly-traded company;

b. neither Rogers nor any of her Affiliates or representatives will take any action to:

i. directly or indirectly buy, sell, advise a market maker to post a bid or ask price, sell short, or cover any short sale (each a "Trading Transaction"); or

ii. induce, instruct, or advise any person to affect a Trading Transaction, in any of LEI's common stock, based on any material non-public information relating to Rogers; and

c. Rogers will not, at any time, disclose, in whole or in part, Confidential Information to any Person, except to her Affiliates and her and their respective authorized representatives, agents, independent contractors, consultants, attorneys, accountants, and financial advisors, or as may be necessary or appropriate to carry out the terms of this Agreement, without first obtaining express written permission from LEI, except if required to do so pursuant to court order or subpoena. The requirements of this Section 10(c) shall survive the termination of this Agreement and the repayment of the Loan.

11. Remedies Upon Event of Default. If an Event of Default occurs and continues after any permitted curative time has passed, but without impairing or otherwise limiting Rogers' right to demand payment of all or any portion of the Loan that is payable on demand, then Rogers, at her option, may (a) declare the outstanding principal and all accrued interest under the Note, as well as any other Obligations of LEI to Rogers, to be immediately due and payable, at which time they shall immediately become due and payable in full without notice, presentment, demand, protest, notice of intention to accelerate, or any other notice of any kind, all of which LEI expressly waives, anything contained in this Agreement or in the other Loan Documents to the contrary notwithstanding; (b) reduce any claim to judgment; and/or (c) without notice of default or demand, pursue and enforce any of Rogers' rights and remedies under the Loan Documents or otherwise provided under or pursuant to any applicable law or agreement; provided that if any Event of Default described in clauses (e) or (f) of Section 9, occurs then the outstanding principal and all accrued interest under the Note, as well as any other Obligations of LEI to Rogers, shall automatically be and become immediately due and payable, without notice or demand.

12. Miscellaneous.

a. Waiver. No failure to exercise, and no delay in exercising, on the part of Rogers, any right under this Agreement shall operate as a waiver that right, nor shall any single or partial exercise of a right preclude any other or further exercise of that right or the exercise of any other right. The rights of Rogers under this Agreement and under the other Loan Documents shall be in addition to all other rights provided by law. No notice or demand given in any case shall constitute a waiver of the right to take other action in the same, similar, or other instances without notice or demand.

b. Notices. Any and all notices or communications related in any way to this Agreement or any other Loan Document may be given by certified mail with return receipt requested, by receipted courier, by overnight delivery service, or by hand delivery and sent to the persons at the addresses set forth for each party below, or they may be given by facsimile transmission or by e-mail transmission if the intended recipient has affirmatively stated that notice may be delivered by facsimile or e-mail and the intended recipient has provided a valid facsimile number and/or e-mail address. Any notice delivered by facsimile or e-mail sent or for which a return receipt is received at any time before 5:00 p.m. on a Business Day shall be deemed to be delivered on that date. Any facsimile or e-mail notice not received by 5:00 p.m. on a Business Day shall be deemed to be received on the first following business day.

Notices to LEI:

Lucas Energy, Inc.
3555 Timmons Lane, Suite 1550
Houston, Texas 77027
Attention: Anthony C. Schnur, Chief Executive Officer
Telephone: (713) 528-1881
Facsimile: (713) 337-1510
E-mail: TSchnur@LucasEnergy.com
Notice may be delivered by facsimile or e-mail with proof of receipt.

Notices to Rogers:

Louise H. Rogers
c/o Sharon E. Conway
Attorney at Law
2441 High Timbers, Suite 410
The Woodlands, Texas 77380-1052
Facsimile number: (281) 754-4685
E-mail address: SConway@SConwayLaw.com
Notice may be delivered by facsimile or e-mail with proof of receipt.

The parties agree to provide e-mail return receipt acknowledgements to each other upon receipt of any e-mail from the other party requesting a return receipt, or, if unable to send a return receipt, agree to promptly send an e-mail in response simply confirming receipt of the e-mail.

Any of the above contact information or designated representatives for the purpose of notice may be changed by that party or an authorized representative of that party providing written notice in the manner set forth above to the other party, and the new contact information or representative will then become effective. For all purposes under this Agreement, any notice given by Ms. Conway (or any other legal counsel designated by Rogers) on behalf of Rogers shall constitute notice by Rogers.

c. Governing Law. This Agreement and the other Loan Documents are being executed and delivered, and are intended to be performed, in the State of Texas, and the substantive laws of Texas shall govern the validity, construction, enforcement and interpretation of this Agreement and all other Loan Documents. Venue is agreed to be proper in Montgomery County, Texas, and any challenge to venue in Montgomery County, Texas, is expressly waived by LEI.

d. Invalid Provisions. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future laws effective during the term of this Agreement, the provision shall be automatically modified to the minimum extent necessary to make the provision fully legal, valid, and enforceable. However, if the provision cannot be modified, then it shall be fully severable and this Agreement shall be construed and enforced as if the illegal, invalid, or unenforceable provision had never comprised a part of this Agreement, and the remaining provisions of this Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or by its modification or severance from this Agreement.

e. Entirety and Amendments. This Agreement and the other Loan Documents embody the entire agreement between the parties and supersede all prior agreements and understandings, if any, relating to the subject matter contained in this Agreement and the other Loan Documents as of March 14, 2014. This Agreement and the other Loan Documents may be amended only by an instrument in writing executed by the party, or an authorized officer of the party, against whom the amendment is sought to be enforced.

f. Headings; Cross-References; Defined Terms. Paragraph and section headings are for convenience of reference only and shall in no way affect the interpretation of this Agreement. Capitalized terms used in this Agreement and not otherwise defined in the body of this Agreement shall have the meanings set forth in Schedule A.

g. Construction and Conflicts. The provisions of this Agreement shall be in addition to those of the Note, the Loan Documents, and any other guaranty, pledge, security agreement, note, or other evidence of liability held by Rogers, all of which shall be construed as complementary to each other. Nothing contained in this Agreement shall prevent Rogers from enforcing the Note, the Loan Documents, and any and all other notes, guaranty, pledge, or security agreements in accordance with their respective terms. To the extent of any conflict or contradiction between the terms of this Agreement and the terms of the Note, the Loan Documents, or any other document executed in connection with the Loan, the Note shall control. Otherwise, this Agreement shall control.

h. Financial Terms. As used in this Agreement, all financial and accounting terms not otherwise defined in this Agreement shall be defined and calculated in accordance with generally accepted accounting principles consistently applied.

i. Expenses of Rogers. LEI will, within fifteen days from demand, reimburse Rogers for all expenses incurred by her in entering into this transaction except as otherwise provided in this Agreement, including, without limitation, any reserve engineering related fees and expenses, and all actual fees and expenses incurred by legal counsel for Rogers in connection with the preparation, administration, monitoring, amendment, modification, or enforcement of this Agreement, the Note, and the Loan Documents, and the collection or the attempted collection of the Note. Attorney's fees (exclusive of expenses) incurred after the Closing Date that are unrelated to closing or to completing closing tasks and that are incurred for monitoring the Loan and compliance with the Loan Documents, for preparing minor amendments during the duration of the Loan, and for arranging for releases of liens and termination of the Loan Documents after payment in full by LEI shall not exceed the aggregate total of $50,000.00 during the two-year term of the Loan. If the Loan is extended, then this maximum shall increase by $25,000.00 for each additional year for which the Loan is extended, and *pro rata* by $25,000.00 for any extension period that is less than a year. If any major modifications to the Loan Documents are requested by the parties and undertaken by counsel for Rogers, including but not limited to restating any of the original Loan Documents, increasing the principal amount loaned, or generating any completely new documents, then this cap shall not apply. This cap expressly does not apply to any attorney's fees and expenses incurred by Rogers during the month of April 2014, which are expressly excluded from this cap. In addition, this cap does not in any way apply to attorney's fees incurred in an Event of Default or incurred by Rogers in enforcing her rights under any of the Loan Documents after an Event of Default occurs.

j. Reliance on and Survival of Various Provisions. All terms, covenants, agreements, representations, and warranties of LEI made in any Loan Document, or in any certificate, report, financial statement or other document furnished by or on behalf of LEI in connection with any Loan Document, shall be deemed to have been relied upon by Rogers, notwithstanding any investigation previously or subsequently made by Rogers or on Rogers' behalf, and those covenants and agreements of LEI set forth in Section 7(m) (together with any other indemnities of LEI contained elsewhere in any Loan Document) shall survive the termination of this Agreement and the repayment in full of the Obligations.

k. Successors and Assigns; Participation. This Agreement shall be binding upon and shall inure to the benefit of LEI and Rogers and their respective successors and assigns. Neither LEI nor Rogers may assign any of their rights or obligations under this Agreement or any of the other Loan Documents without the express written consent of the other party.

l. Designations by Rogers. For any designations by Rogers of third parties provided under this Agreement or any of the other Loan Documents, the designation shall be made by Rogers in writing and delivered to LEI as provided under "Notices" above. Any designations made by a person holding power of attorney for Rogers shall constitute a designation by Rogers.

No Oral Agreements. ***This written Second Amended Letter Loan Agreement, along with the other Loan Documents, represents the final agreement between the parties as of its effective date and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties. No unwritten oral agreements exist between the parties.***

If Rogers agrees to the terms set forth above, Rogers should execute this Agreement in the space indicated below.

Borrower:

Lucas Energy, Inc.

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

Date of Signature: November 21, 2014

ACCEPTED:

Lender:

/s/Sharon E. Conway
Louise H. Rogers, as her Separate Property
By Sharon E. Conway as her attorney-in-fact

Date of Signature: November 24, 2014

SCHEDULE A

Definitions

"**LEI**" means Lucas Energy, Inc., the Borrower in this Loan transaction.

"**Rogers**" means Louise H. Rogers, the Lender in this Loan transaction.

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"**Affiliate**" means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the Person specified. For purposes of this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract, or otherwise.

"**Approved Engineer**" means any independent engineer recognized in the U.S. oil and gas loan syndication market and satisfactory to Rogers. The parties agree that Forrest A. Garb & Associates, Inc., and Octagon Advisors are deemed to be Approved Engineers.

"**Asset**" means, as to any Person, all property of any kind, real or personal, tangible or intangible, legal or equitable, whether now owned or subsequently acquired, including, without limitation, the Hydrocarbon Interests, money, stock, accounts receivable, contract rights, franchises, value as a going concern, causes of action, undivided fractional ownership interests, intellectual property rights, and anything of any value that can be made available for, or may be appropriated to, the payment of debts.

"**Asset Coverage Deficiency**" means either (a) the Asset Coverage Ratio as of any Test Date is less than 4.00 to 1.00, or (b) the Total Proved PV10% in effect on the Test Date is less than $30,000,000.

"**Asset Coverage Ratio**" means, as of any Test Date, the ratio of (a) Total Proved PV10% as in effect on the Test Date to (b) the Obligations as of the Test Date.

"**Authorized Officer**" means those officers of LEI whose signatures and incumbency have been certified by LEI to Rogers.

"**Business Day**" means any day that is neither a Saturday nor Sunday nor a legal holiday on which banks are authorized or required to be closed in Tyler, Texas, or Houston, Texas.

"**Capital Stock**" means any and all shares, interests (including partnership interests and membership interests), participations, or other equivalents (however designated) of capital stock of a corporation, partnership, limited liability company, or other legal entity; securities convertible into or exchangeable for shares, interests, or participations in any and all equivalent ownership interests in a Person; and any and all warrants or options to purchase any of these ownership interests.

"**Cash Equivalent Investment**" means, at any time:

(a) any evidence of Debt that matures not more than one year after the date the Debt is issued or guaranteed by the United States Government;

(b) commercial paper that matures not more than six months from the date of issue, that is issued by (i) a corporation (other than an Affiliate of LEI) organized under the laws of any state of the United States or of the District of Columbia and rated one of the three highest rating categories by S&P or Moody's, or (ii) any lender (or its holding company);

(c) any certificate of deposit or bankers acceptance that matures not more than one year after it is obtained that is issued by a commercial banking institution that is a member of the Federal Reserve System and has a combined capital and surplus and undivided profits of not less than $250,000,000.00, and whose long-term certificates of deposit or bankers acceptances are, at the time of acquisition by LEI, rated A-1 by S&P or P-1 by Moody's;

(d) deposit accounts in a bank or trust company organized under the laws of the United States or any state of the United States that has capital, surplus, and undivided profits aggregating at least $250,000,000.00 and whose commercial paper or short term bank deposits (or that of the holding company with which the bank or trust company is affiliated) are rated A-1 by S&P or P-1 by Moody's;

(e) marketable direct obligations issued or unconditionally guaranteed by the United States government or issued by any U.S. agency and backed by the full faith and credit of the United States, as the case may be, in each case maturing no later than one year from the date of acquisition; or

(f) money market, mutual, or similar funds that invest in obligations referred to clauses (a), (b), (c), (d), or (e) of this definition, and in each case the funds have assets in excess of $250,000,000.00.

"**CERCLA**" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

"**Change in Management**" means: (a) Anthony C. Schnur shall cease or fail for any reason to serve and function in his current capacity as Chief Executive Officer of LEI and is not succeeded in that position by a person reasonably acceptable to Rogers; or (b) William J. Dale shall cease or fail for any reason to serve and function in his current capacity as Chief Financial Officer of LEI and is not succeeded in that position by a person reasonably acceptable to Rogers.

"**Collateral Property**" means any Mortgaged Property or Collateral, each as defined and specified in the applicable Security Document.

"Confidential Information" means all business plans, data, production results, reports, and all information of any nature concerning LEI's financial statements and resources, results of operations, technical information, business dealings, negotiations with third parties, potential mergers and acquisitions, and all other material non-public information relating to LEI. Confidential Information shall not include information that (a) is known by Rogers prior to its disclosure by LEI and that is not subject to other confidentiality obligations; (b) is or becomes publicly known through no breach of the Letter Loan Agreement or any other agreement binding Rogers; (c) is received from a third party without a breach of any confidentiality obligation known to Rogers; (d) is independently developed by Rogers; or (e) is disclosed with LEI's prior written consent.

"**Contract Operator Agreement**" means any contract or agreement to which LEI is a party and pursuant to which another Person (other than LEI or owner of a working interest in the Oil and Gas Properties) provides operating services with respect to any of LEI's Oil and Gas Properties, as amended, supplemented or otherwise modified.

"**Debt**" and "**Indebtedness**" both mean all liabilities of a Person that should be classified as liabilities in accordance with GAAP, and includes current unsecured trade, utility, and non-extraordinary accounts payable arising in the ordinary course of business.

"**Debt Service Reserve Escrow Account**" means the account set up by Robertson Global Credit, LLC, at Bank of Texas to hold in escrow LEI's prepayment via escrow of the first six months of interest payments under the Note.

"**Default**" means any Event of Default or any condition, occurrence or event that, after notice or lapse of time or both, would constitute an Event of Default, as described more fully in the Letter Loan Agreement and in the relevant Security Document.

"**Disposition**" and "**Dispose**" both mean the sale, transfer, license, lease, or other disposition of any Asset by any Person.

"**Determination Period**" means the period from the date of the Letter Loan Agreement to the initial Scheduled Collateral Value Determination Date, and each subsequent six-month period between Scheduled Collateral Value Determination Dates.

"**Environmental Laws**" means any applicable federal, state, or local laws, rules, or regulations, and any judicial, arbitral, or administrative interpretations of them, including any applicable judicial, arbitral, or administrative order, judgment, permit, approval, decision, or determination pertaining to health or safety (to the extent health or safety relate to exposure to Hazardous Materials) or the environment in effect at the time in question, including CERCLA; the Federal Water Pollution Control Act, as amended; the Occupational Safety and Health Act, as amended; the Resource Conservation and Recovery Act, as amended ("RCRA"); the Safe Drinking Water Act, as amended; the Toxic Substances Control Act, as amended; the Superfund Amendment and Reauthorization Act of 1986, as amended; the Hazardous Materials Transportation Act, as amended; comparable state and local laws; and other environmental conservation and protection laws. The terms "hazardous substance," "Release," and "threatened Release" shall have the meanings specified in CERCLA, and the terms "solid waste" and "disposal" (or "disposed") shall have the meanings specified in RCRA and the term "oil" shall have the meaning specified in the Oil Pollution Act, as amended ("OPA"); provided, that (i) in the event either CERCLA, RCRA, or OPA is amended in a manner that broadens the meaning of any term defined in those Acts, the broader meaning shall apply with respect to Sections 2.2 through 2.5 of the Mortgages from and after the date of adoption and legal effect of the amendment, and, with respect to Section 2.7 of the Mortgages, as of the earliest date on which the adopted amendment has legal effect (including legally enforceable retroactive effect); and (ii) to the extent the laws of the state or states in which any Property of LEI is located establish a meaning for "hazardous substance," "release," "threatened release," "solid waste," "disposal," or "oil" that is broader than that specified in CERCLA, RCRA, or OPA, the broader meaning shall apply, with respect to Sections 2.2 through 2.5 of the Mortgages, from and after the date of adoption and legal effect of the amendment, and, with respect to Section 2.7 of the Mortgages, as of the earliest date on which the adopted amendment has legal effect (including legally enforceable retroactive effect).

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended, or any successor act or code.

"**GAAP**" means generally accepted accounting principles.

"**Governmental Authority**" means the government of the United States or of any other nation or country, or of any political subdivision of that nation or country, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank, or other entity exercising executive, legislative, judicial, taxing, regulatory, or administrative powers or functions of or pertaining to government.

"**Hazardous Material**" means any pollutant or contaminant or hazardous, dangerous, or toxic chemical, material, or substance within the meaning of any applicable national, regional, state, or local law, regulation, ordinance, or legally enforceable requirement (including consent decrees and administrative orders) regulating or imposing liability concerning any hazardous, toxic, or dangerous waste, substance, or material, and as any of these may be subsequently amended.

"**Hedge Transaction**" means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options, forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of these (including any options to enter into any of these), regardless of whether the transaction is governed by or subject to any master agreement; and (b) any and all transactions of any kind, and the related confirmations, that are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement to the extent relating to any of the transactions described in the preceding clause (a), in each case, as amended, supplemented, restated, or otherwise modified from time to time.

"**Hedging Obligations**" means, with respect to any Person, all liabilities or obligations of that Person under any Hedge Transaction.

"**Hydrocarbon Interests**" means all rights, titles, interests, and estates now owned or subsequently acquired by LEI in any and all oil, gas, and other liquid or gaseous hydrocarbon properties and interests, including, without limitation, mineral fee or lease interests, production sharing agreements, concession agreements, license agreements, service agreements, risk service agreements, or similar Hydrocarbon interests granted by an appropriate Governmental Authority, farmout, overriding royalty and royalty interests, net profit interests, oil payments, production payment interests, and similar interests in Hydrocarbons, including any reserved or residual interests of whatever nature.

"**Hydrocarbons**" means oil, gas, casing head gas, condensate, distillate, liquid hydrocarbons, gaseous hydrocarbons, all products refined, separated, settled, and dehydrated from them and all products refined from them, including, without limitation, kerosene, liquefied petroleum gas, refined lubricating oils, diesel fuel, drip gasoline, natural gasoline, helium, sulfur, and all other minerals.

"**including**" means including without limiting the generality of any description preceding the term, and, for purposes of the Letter Loan Agreement and each other Loan Document, the parties agree that the rule of ejusdem generis shall not be applicable to limit a general statement that is followed by or referable to an enumeration of specific matters to matters similar to the matters specifically mentioned.

"**Indemnified Parties**" means Rogers and her representatives, advisors, employees, agents, heirs, successors, and assigns.

"**Initial Reserve Report**" means that certain reserve report dated as of April 1, 2013, prepared by Forrest A. Garb and Associates, Inc., reflecting reserves as of April 1, 2013.

"**Investment**" means, with respect to any Person: (a) any loan, advance, extension of credit, or capital contribution made by that Person to any other Person (excluding commission, travel, and similar advances to officers and employees made in the ordinary course of business); (b) any guarantee, endorsement, or other secondary liability of a Person for or upon the obligations or Debt of any other Person (whether directly or indirectly); and (c) the acquisition (whether for cash, property, services, securities, or otherwise) of any Capital Stock or other ownership or similar interest by a Person in any other Person. The amount of any Investment shall be the original principal or capital amount invested (without adjustment by reason of the financial condition of the other Person) and shall, if made by the transfer or exchange of property other than cash, be deemed to have been made in an original principal or capital amount equal to the fair market value of the property.

"**Lien**" means, with respect to any Person, any security interest, mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or otherwise), charge against or interest in property to secure payment of a debt or performance of an obligation or other priority or preferential arrangement of any kind or nature whatsoever. For purposes of the Letter Loan Agreement, the term "Lien" shall exclude contractual provisions establishing set off rights, netting arrangements, and negative pledges.

"**Loan**" is Rogers' agreement to lend to LEI on or about , 2013, Seven Million Five Hundred Thousand 00/100 Dollars ($7,500,000.00), pursuant to the terms and conditions set forth in the Letter Loan Agreement and the other Loan Documents.

"**Loan Document**" means the Letter Loan Agreement, the Note, and each Security Agreement, Mortgage, and other Security Documents, together, in each case, with all exhibits, schedules, and attachments to them, and all other agreements, documents, or instruments executed or delivered from time to time in connection with or pursuant to any of the documents listed, and any amendments to or restatements of any of the documents listed.

"**Material Adverse Effect**" means a material negative change to or impairment of: (i) the business, properties, assets, liabilities, conditions (financial or otherwise), operations, or prospects of LEI; (ii) the ability of LEI to perform its obligations under any of the Loan Documents; or (iii) the validity or enforceability of the Letter Loan Agreement or any of the other Loan Documents.

"**Maturity Date**" is , 2015.

"**Moody's**" means Moody's Investors Service, Inc.

"**Mortgage**" means each mortgage, collateral mortgage, deed of trust, security agreement, or assignment, in a form reasonably acceptable to Rogers and delivered by LEI pursuant to the terms of the Letter Loan Agreement, in each case as amended, supplemented, restated, or otherwise modified from time to time.
"**Mortgaged Property**" is defined in each Mortgage.

"**Net Cash Proceeds**" means in connection with the Disposition of any Assets permitted by Section 8(i) of the Letter Loan Agreement, the cash proceeds received from the issuance or sale, as applicable, net of all investment banking fees, legal fees, accountants' fees, underwriting discounts, and commissions and other customary fees and expenses actually incurred and satisfactorily documented in connection with the Disposition.

"**Note**" that certain Promissory Note entered into between LEI and Rogers dated , 2013, in the original principal amount of $7,500,000.00, and also means all other promissory notes accepted from time to time in substitution for the original Note or any amendment, modification, or renewal of the Note.

"**Obligations**" means all obligations, Indebtedness, and liabilities of LEI to Rogers that now exist or that subsequently arise under or in connection with the Letter Loan Agreement, the Note, and/or each other Loan Document, whether direct, indirect, related, unrelated, fixed, contingent, liquidated, unliquidated, joint, several, or joint and several, including the obligations, Debt, and liabilities of LEI, and all interest accruing on these items (including any interest that accrues after the commencement of any proceeding by or against LEI under any bankruptcy, insolvency, liquidation, moratorium, receivership, reorganization, or other debtor relief law) and all attorneys' fees and other expenses incurred in the collection or enforcement of these items.

"**Oil and Gas**" means petroleum, natural gas, and other related hydrocarbons or minerals or any of them and all other substances produced or extracted in association with them.

"**Oil and Gas Business**" means (a) the acquisition, exploration, exploitation, development, operation, management, and disposition of interests in Hydrocarbon Interests and Hydrocarbons; (b) gathering, marketing, treating, processing, storage, selling, and transporting of any production from these interests or Hydrocarbon Interests, including, without limitation, the marketing of Hydrocarbons obtained from unrelated Persons; (c) any business relating to or arising from exploration for or development, production, treatment, processing, storage, transportation, or marketing of oil, gas, and other minerals and products produced in association with these items; and (d) any activity that is ancillary, necessary, synergistic, or desirable to facilitate the activities described in clauses (a) through (c) of this definition.

"**Oil and Gas Properties**" means Hydrocarbon Interests; the Assets now or subsequently pooled or unitized with Hydrocarbon Interests; all presently existing or future unitization, pooling agreements, and declarations of pooled units and the units created by the declarations of pooled units (including without limitation all units created under orders, regulations, and rules of any Governmental Authority) that may affect all or any portion of the Hydrocarbon Interests; all operating agreements, contracts, and other agreements that relate to any of the Hydrocarbon Interests or the production, sale, purchase, exchange, or processing of Hydrocarbons from or attributable to the Hydrocarbon Interest; all Hydrocarbons in and under and that may be produced and saved or attributable to the Hydrocarbon Interests, the lands covered by them, and all oil in tanks and all rents, issues, profits, proceeds, products, revenues, and other income from or attributable to the Hydrocarbon Interests; all tenements, hereditaments, appurtenances, and Assets in any manner appertaining, belonging, affixed or incidental to the Hydrocarbon Interests; Assets, gas gathering systems, gas plants, rights, titles, interests, and estates described or referred to above, including any and all Assets, real or personal, now owned or subsequently acquired and situated upon, used, held for use, or useful in connection with the operating, working, or development of any of the Hydrocarbon Interests or Asset (excluding drilling rigs, automotive equipment, or other personal property that may be on the premises for the purpose of drilling a well or for other similar temporary uses) and including any and all oil wells, gas wells, injection wells, or other wells, buildings, structures, fuel separators, liquid extraction plants, plant compressors, pumps, pumping units, field gathering systems, tanks and tank batteries, fixtures, valves, fittings, machinery and parts, engines, boilers, meters, apparatus, equipment, appliances, tools, implements, cables, wires, towers, casing, tubing and rods, surface leases, rights-of-way, easements, and servitudes, together with all additions, substitutions, replacements, accessions, and attachments to any and all of the items listed in this definition.

"**Pension Plan(s)**" means any and all employee benefit pension plans of LEI and/or any of its Subsidiaries in effect from time to time, as that term is defined in ERISA.

"**Person**" means any natural person, corporation, limited liability company, partnership, joint venture, firm, association, trust, government, governmental agency, or any other entity, whether acting in an individual, fiduciary, or other capacity.

"**Proved Reserves**" means "Proved Reserves" as defined in the Definitions for Oil and Gas Reserves (for purposes of this paragraph they are referred to as the "Definitions") promulgated by the Society of Petroleum Engineers (or any generally recognized successor) as in effect at the time in question. "Proved Developed Producing Reserves" means Proved Reserves that are categorized as both "Developed" and "Producing" in the Definitions; "Proved Developed Nonproducing Reserves" means Proved Reserves that are categorized as both "Developed" and "Nonproducing" in the Definitions; and "Proved Undeveloped Reserves" means Proved Reserves that are categorized as "Undeveloped" in the Definitions.

"**Reserve Report**" means a report setting forth the Proved Reserves by reserve category attributable to the Hydrocarbon Interests constituting Proved Reserves owned directly by LEI, a projection of the rate of production and net operating income with respect to them as of a specified date, and all other information that is customarily obtained from and provided in these reports, in form and substance reasonably satisfactory to Rogers. All Reserve Reports shall be prepared by an Approved Engineer and in accordance with the definition of Total Proved PV10%.

"**S&P**" means Standard & Poor's Ratings Group.

"**SEC**" means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of the SEC's principal functions.

"**Security Agreement**" means the Security Agreement entered into between Rogers and LEI dated , 2013, and all other Security Agreements in a form reasonably acceptable to Rogers and executed and delivered from time to time by LEI in favor of Rogers to secure the Obligations, including each Security Agreement delivered pursuant to Section 7(f) of the Letter Loan Agreement and as that Section may be amended, restated, supplemented, or modified from time to time.

"**Security Document**" means, individually, any Mortgage, any Security Agreement, and any similar document securing the Obligations, including any document delivered pursuant to Section 7(f) of the Letter Loan Agreement. "Security Documents" means, as the context requires, any or all of these documents.

"**Scheduled Collateral Value Determination Date**" means April 1 and October 1 of each calendar year.

"**Subsidiary**" means, with respect to any Person: any corporation, limited liability company, partnership, or other entity in which the Person owns a greater than 50% ownership interest or in which the Person has the voting power necessary to elect a majority of the Board of Directors or managers of the entity (regardless of whether at the time the Capital Stock or other ownership interests of any other class or classes of the corporation, limited liability company, partnership, or other entity shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by that Person, by that Person and one or more Subsidiaries of that Person, or by one or more other Subsidiaries of that Person. Unless the context otherwise clearly requires, references in the Letter Loan Agreement to a "Subsidiary" or the "Subsidiaries" refer to a Subsidiary or the Subsidiaries of LEI.

"**Test Date**" means: (a) any Scheduled Collateral Value Determination Date; (b) the date of any interim collateral value determination pursuant to Section 3(c) of the Letter Loan Agreement; (c) the date of any Disposition permitted by Section 8(i) of the Letter Loan Agreement; or (d) at Rogers's discretion, the sixtieth day after the receipt by Rogers of the engineering report required to be delivered pursuant to Section 7(a)(v) of the Letter Loan Agreement.

"**Total Proved PV10%**" means, with respect to any Proved Reserves reasonably expected to be produced from any Oil and Gas Properties, the net present value, discounted at ten percent per annum, of the future net revenues expected to accrue to LEI's interests in the Proved Reserves during the remaining expected economic lives of the reserves. Each calculation of expected future net revenues shall be determined by Rogers in her sole discretion and in accordance with the then existing standards of the Society of Petroleum Engineers, provided that in any event: (a) appropriate deductions shall be made for severance and ad valorem taxes, and for operating, gathering, transportation, and marketing costs required for the production and sale of the reserves; (b) appropriate adjustments are made for commodity and basis hedging activities pursuant to Section 6(p); (c) the pricing assumptions used in determining Total Proved PV10% for any particular reserves shall be based upon the quarterly Tristone Base Case Deck Price only; and (d) the cash-flows derived from the pricing assumptions set forth in clauses (b) and (c) above shall be further adjusted to account for the historical basis differential in a manner reasonably acceptable to Rogers; provided, however, that for purposes of this calculation, Proved Developed Producing Reserves shall constitute not less than 20% of the Total Proved PV10%.

"**Tristone Base Case Deck Price**" means the most current quarterly published price survey from regional energy-sector banks provided by Macquarie Tristone. It is available via the Macquarie Tristone website www.macquarie.com. If the published survey is no longer available, it is the average base case price deck of three regional reserve lending banks as decided by both LEI and Rogers.

SCHEDULE B

Post-Closing Obligations

1. Provide to Rogers by no later than September 12, 2013, control agreements in form and substance satisfactory to Rogers and executed by Rogers, LEI, and each bank at which LEI maintains a deposit account.

2. LEI must complete, no later than the six month anniversary date of the Closing Date, an equity funding to raise an amount equal to at least $1 million. Promptly upon completion, but in no event more than five business days after the completion of the equity funding, LEI shall cause an Authorized Officer to confirm to Rogers that the funding was completed, when it was completed, and stating how much in total was raised in the funding.

Addendum:

Both LEI and Rogers agree that, as of April 29, 2014, all post-closing obligations have either been satisfied or waived.

Exhibit 10.11

SECOND AMENDED AND RESTATED PROMISSORY NOTE

(Secured by, among others, Security Agreement and Mortgage, Deed of Trust, Assignment, Security Agreement, Financing Statement, and Fixture Filing)

This Second Amended and Restated Promissory Note is intended to completely amend and restate the Promissory Note between the parties dated August 13, 2013, in the original principal amount of $7,500,000.00, and as previously amended as of March 14, 2014, to be effective as of November 13, 2014, under the terms and provisions set forth below:

Date: April 29, 2014, and as previously amended as of March 14, 2014, and to be effective as of November 13, 2014

Maker: Lucas Energy, Inc., a Nevada Corporation ("LEI")

Maker's Mailing Address: 3555 Timmons Lane
Suite 1550
Houston, Texas 77027
Attention: Anthony C. Schnur

Holder/Payee: Louise H. Rogers, as her separate property ("Rogers")

Holder/Payee's Mailing Address: c/o Sharon E. Conway
Attorney at Law
2441 High Timbers, Suite 410
The Woodlands, Texas 77380-1052

The terms "LEI" and "Rogers" and other nouns and pronouns include the plural if more than one exists. The terms "LEI" and "Rogers" also include their respective heirs, personal representatives, and assigns. LEI and Rogers are collectively referred to in this Note as the "Parties."

Place for Payment (including county): 2512 Alta Mira
Tyler, Smith County, Texas 75701-7301
(Paid via wire transfer as set forth below)

Principal Amount: As of November 13, 2014, Seven Million Fifty-Eight Thousand Nine Hundred Sixty-Four and 65/100 Dollars ($7,058,964.65)

Interest Rates: Beginning on November 14, 2014, through August 13, 2015, interest shall accrue on the principal amount outstanding at the rate of 15% per annum. Interest accruing under this Note shall be computed on the basis of a 360-day year and shall be assessed for the actual number of days elapsed.

Maturity Date: The entire principal balance remaining and all accrued interest is due and payable on or before August 13, 2015 (the "Maturity Date").

Letter Loan Agreement: This Note is the Note referred to in, and evidences the indebtedness incurred pursuant to, that certain Letter Loan Agreement dated as of August 13, 2013, by and between LEI and Rogers, together with all amendments and other modifications (including but not limited to the Amended Letter Loan Agreement dated as of March 14, 2014, and the Second Amended Letter Loan Agreement dated as of November 13, 2014) from time to time made to it (the "Letter Loan Agreement"). Capitalized terms used but not defined in this Note shall have the meaning assigned to them in Schedule A to the Letter Loan Agreement, or in the Security Agreement if not defined in the Letter Loan Agreement.

Terms of Payment (principal and interest):

Payments of principal and interest shall be made as set forth in the amortization schedule attached to this Note as Schedule A which is incorporated by reference in this Note for all purposes as if fully set forth at length. All payments are due on or before the dates set forth in Schedule A in the amounts corresponding to the respective dates. Payments of principal and interest shall be made separately as set forth below under "Payments of Principal" and "Payments of Interest." If a Mandatory Prepayment of principal is made as set forth below, Rogers shall amend and update the Schedule A amortization to reflect that payment.

Late Payments: Late payments shall be subject to a fee of three percent of the total amount of the payment (principal and interest) that is late. Each payment must be received on or before its due date. Any payment not received on or before its due date is considered late.

Payments of Principal: All payments of principal shall be made by wire transfer using the following wiring instructions:

Bank Name:	Bank of New York
ABA Routing Number:	XXXXXXXXX
Account Number:	Beneficiary Acct #XXXXXXXXXX
FFC A/C #:	XXX-XXXXXX
Customer/Account Name:	Louise H. Rogers

Any and all wire transfer fees shall be paid for by LEI and the amount wired shall be adjusted in the amount necessary to ensure that the total amount received into Rogers' account is the total amount of the interest and principal (if applicable) due.

Payments of Interest: All interest payments shall be made by LEI check on good funds made payable to "Louise H. Rogers, as her separate property," and shall be sent via Federal Express to Mrs. Rogers at her address in Tyler, Texas, set forth above. LEI shall ensure that the Federal Express package delivery date is on or before the due date for the interest payment. If the payment is not received by Rogers on or before the due date, it is considered late.

Notice of Payment: Immediately upon receiving confirmation that each wire transfer of a principal payment has been completed, LEI shall send via e-mail to Rogers' attorney, Sharon E. Conway, a copy of the confirmation. Contemporaneously with sending each interest payment, LEI shall scan the payment check and the transmittal letter to Mrs. Rogers into PDF format and shall e-mail the scanned copies of the check and transmittal letter, along with the Federal Express tracking number for delivery, to Ms. Conway. These notifications allow Ms. Conway to verify timely payment. Failure to send either of these confirmations to Ms. Conway shall constitute an Event of Default.

Mandatory Prepayment: The Letter Loan Agreement sets forth the terms and conditions under which LEI is required to make prepayments of principal or the Indebtedness evidenced by this Note.

Annual Interest Rate on Matured, Unpaid Amounts (Default Rate): Eighteen Percent (18%) per Texas Finance Code Chapters 306 and 303

Security for Payment: The Letter Loan Agreement (as amended) describes in detail the security for this Note, and it as well as the Security Agreement between LEI and Rogers dated August 13, 2013 (the "Security Agreement"), and the Mortgage, Deed of Trust, Assignment, Security Agreement, Financing Statement, and Fixture Filing dated August 13, 2013, and any other security agreements and deeds of trust between the parties are all incorporated by reference into this Note for all purposes as if fully set forth at length.

Promise to Pay. LEI promises to pay to the order of Louise H. Rogers at the place for payment and according to the terms of payment the principal amount plus interest at the rates stated above. Any amounts under this Note remaining unpaid as of the due date shall be due and payable no later than the Maturity Date.

Prepayment Penalty. ***LEI may not voluntarily prepay this Note without penalty.*** If LEI decides to voluntarily prepay this Note, the LEI must pay the prepayment penalty set forth in the Amended Letter Loan Agreement, effective March 14, 2014, and as it may be subsequently amended.

Application of Payments. Payments under this Note shall be applied first to accrued and unpaid interest and the balance, if any, to principal. Any allowed or mandatory prepayment of this Note shall also be accompanied by the payment of all accrued and unpaid interest on the amount prepaid. Partial prepayments of this Note shall be applied to the installments in the inverse order of their maturities.

Default and Acceleration. If an Event of Default under the Letter Loan Agreement, the Security Agreement, or any other Security Document occurs and LEI fails to cure the Default within the applicable cure period (if any), then in that event Rogers shall have the option to declare the entire unpaid balance of principal and accrued interest immediately due and payable. LEI and each surety, guarantor, and endorser all waive any and all notices, demands for payment, presentations for payment, notices of intent to accelerate maturity, notices of acceleration, protests, and notices of protest. All definitions and provisions contained in the Letter Loan Agreement, the Security Agreement, and any and all other security instruments between LEI and Rogers related to default and all other matters in the Loan Documents apply to this Note.

Usury Compliance. The Parties to this Note intend to comply with the usury laws applicable to this Note. Accordingly, the Parties agree that no provision in this Note or in any related documents (if any) shall require or permit the collection of interest in excess of the maximum rate permitted by law. If any excess interest is provided for or contracted for in this Note, or charged to LEI or any other person responsible for payment, or received by Rogers, or if any excess interest is adjudicated to be provided for or contracted for under this Note or adjudicated to be received by Rogers or her assignee or successor, then the Parties expressly agree that this paragraph shall govern and control and that neither LEI nor any other party liable for payment of the Note shall be obligated to pay the amount of excess interest. Any excess interest that may have been collected shall be, at Rogers' option, either applied as credit against any unpaid principal amount due or refunded to LEI. The effective rate of interest shall be automatically subject to reduction to the maximum lawful contract rate allowed under the usury laws of the State of Texas as they are now or subsequently construed by the courts of the State of Texas.

Attorney's Fees and Expenses During Term of Note. LEI understands and agrees that, as a part of the consideration given to Rogers for entering into this Note, it shall be responsible for and shall pay all actual attorney's fees and all expenses incurred by Rogers in preparing this Note and the other Loan Documents, as well as any and all other documents deemed necessary by its legal counsel for this transaction. LEI shall also be responsible for and shall pay any other fees and expenses incurred by Rogers' attorney during the term of this Note (including any extensions of this Note) for verifying compliance, in making any amendments or extensions to any documents related to this transaction, in confirming payment in full of the loan, release of any UCC filings, and any other fees and/or expenses incurred that relate in any way to this transaction, subject to the limitations to these fees set forth in the Amended Letter Loan Agreement dated March 14, 2014. Rogers' attorney shall invoice these fees and expenses directly to LEI and LEI shall pay these fees and expenses by check on good funds delivered to Rogers' attorney at the address provided for payment on each invoice within fifteen calendar days of the date of the invoice. Invoices sent to LEI for these attorney's fees and expenses that are not promptly paid shall accrue interest at the rate of 18% per annum from the due date until paid in full. ***LEI's obligation to pay these fees and expenses is a key term of this Note and failure to pay these fees and expenses in full and timely shall constitute a default of this Note, triggering the default interest clause and the Default and Acceleration clause of this Note. LEI understands and agrees that any and all UCC-1 filings, the Security Agreement, the Letter Loan Agreement, and all of the other Loan Documents shall remain in full force and effect and shall not be released until all amounts due and owing by LEI under all provisions of this Note, the Security Agreement, the Letter Loan Agreement, and any and all other agreements and any amendments to those Loan Documents and agreements between Rogers and LEI are paid in full by LEI.***

Attorney's Fees and Costs of Collection upon Default. If this Note is given to an attorney for collection, or if suit is brought for collection, or if it is collected through probate, bankruptcy, or other judicial proceeding, then LEI shall pay all of Rogers' actual attorney's fees, all costs of collection, all expenses of litigation, and all costs of court incurred in addition to any and all other amounts due.

Additional Documents. Incorporated by reference into this Note for all purposes as if fully set forth at length are all of the other Loan Documents as defined in the Security Agreement, and as amended or restated from time to time.

Venue and Jurisdiction; Waiver of Jury Trial. This Note is fully performable in Montgomery County, Texas. All Parties agree that jurisdiction for any dispute under this Note lies in the state district courts of Montgomery County, Texas. All Parties agree to waive their respective rights to trial by jury of any dispute under this Note and that all disputes will be submitted to the court for determination.

Amendment and Assignment. This Note may not be amended or modified in any manner without the express written consent of Rogers or her attorney. Neither LEI nor Rogers may assign any of their rights or obligations under this Note without the express written consent of the other Party.

Maker:

Lucas Energy, Inc.

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

Date of Signature: November 21, 2014

Agreed and Accepted:

/s/Sharon E. Conway
Louise H. Rogers, as her separate property, by and through Sharon E. Conway
as her attorney-in-fact

Date of Signature: November 24, 2014

Lucas Energy
Rogers Loan
Updated Amortization
Schedule
November 14, 2014

Period	Date	Payment	Interest	Amortized Principal	Maturity Principal Payment	Total Principal	Ending Balance
	8/13/2013			-	-	-	7,500,000.00
1	9/13/2013	75,000.00	75,000.00	-	-	-	7,500,000.00
2	10/13/2013	75,000.00	75,000.00	-	-	-	7,500,000.00
3	11/13/2013	75,000.00	75,000.00	-	-	-	7,500,000.00
4	12/13/2013	75,000.00	75,000.00	-	-	-	7,500,000.00
5	1/13/2014	75,000.00	75,000.00	-	-	-	7,500,000.00
6	2/13/2014	75,000.00	75,000.00	-	-	-	7,500,000.00
7	3/13/2014	266,182.68	75,000.00	191,182.68	-	191,182.68	7,308,817.32
8	4/13/2014	94,405.56	91,360.22	3,045.34	-	3,045.34	7,305,771.98
9	5/13/2014	94,405.56	91,322.15	3,083.41	-	3,083.41	7,302,688.57
10	6/13/2014	94,405.56	91,283.61	3,121.95	-	3,121.95	7,299,566.61
11	7/13/2014	94,405.56	91,244.58	3,160.98	-	3,160.98	7,296,405.64
12	8/13/2014	94,405.56	91,205.07	3,200.49	-	3,200.49	7,293,205.15
13	9/13/2014	104,405.56	91,165.06	3,240.50	10,000.00	13,240.50	7,279,964.65
14	10/13/2014	293,799.65	72,799.65	221,000.00	-	221,000.00	7,058,964.65
15	11/13/2014	70,589.65	70,589.65	-	-	-	7,058,964.65
16	12/13/2014	725,657.91	88,237.06	209,093.68	428,327.17	637,420.85	6,421,543.80
17	1/13/2015	557,636.60	80,269.30	211,184.62	266,182.68	477,367.30	5,944,176.50
18	2/13/2015	287,598.67	74,302.21	213,296.46	-	213,296.46	5,730,880.04
19	3/13/2015	287,065.43	71,636.00	215,429.43	-	215,429.43	5,515,450.61
20	4/13/2015	552,709.53	68,943.13	217,583.72	266,182.68	483,766.40	5,031,684.21
21	5/13/2015	282,655.61	62,896.05	219,759.56	-	219,759.56	4,811,924.65
22	6/13/2015	282,106.22	60,149.06	221,957.16	-	221,957.16	4,589,967.49
23	7/13/2015	547,734.00	57,374.59	224,176.73	266,182.68	490,359.41	4,099,608.08
24	8/13/2015	4,150,853.18	51,245.10	226,418.49	3,873,189.59	4,099,608.08	0.00
Totals		9,331,022.48	1,831,022.48	2,389,935.20	5,110,064.80	7,500,000.00	

Exhibit 31.1

CERTIFICATION

I, Anthony C. Schnur, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the three months ended December 31, 2014, of Lucas Energy, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. I have disclosed, based on my most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 17, 2015

/s/ Anthony C. Schnur
Anthony C. Schnur
Chief Executive Officer and Acting Chief Financial Officer
(Principal Executive Officer and Principal Financial Officer)

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Lucas Energy, Inc. on Form 10-Q for the three months ended December 31, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Anthony C. Schnur, Chief Executive Officer and Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief: (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

February 17, 2015

/s/ Anthony C. Schnur
Anthony C. Schnur
Chief Executive Officer and Acting Chief Financial Officer
(Principal Executive Officer and Principal Financial Officer)

The foregoing certification is not deemed filed with the Securities and Exchange Commission for purposes of Section 18 of the Securities Exchange Act of 1934, as amended ("Exchange Act"), and is not to be incorporated by reference into any filing of the Company under the Securities Act of 1933, as amended, or the Exchange Act, whether made before or after the date hereof, regardless of any general incorporation language in such filing. A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 99.1

FOR IMMEDIATE RELEASE

Contacts: Carol Coale / Ken Dennard
Dennard ● Lascar Associates LLC
(713) 529-6600

LUCAS ENERGY ANNOUNCES FISCAL 2015 THIRD QUARTER FINANCIAL RESULTS

HOUSTON, TEXAS – February 17, 2015 -- Lucas Energy, Inc. (NYSE MKT: LEI)("Lucas" or the "Company"), an independent oil and gas company with operations in Texas, today announced anticipated development activities and its fiscal 2015 third quarter results for the three month period ending December 31, 2014.

"Our fiscal third quarter results were marred by weak crude oil prices and the expenses associated with the pursuit of strategic initiatives, including the financing that failed to close in early December," said Mr. Anthony C. Schnur, Chief Executive Officer of Lucas Energy. "We did manage to offset, to some degree, the impact of lower commodity prices by successfully reducing our administrative and operating expenses.

"Market conditions required us to consider various alternatives, and from mid-December (2014) through January, we reviewed several proposals. On February 4, 2015, we were pleased to announce the signing of a Letter of Intent and Term Sheet for a potential business combination with Victory Energy Corporation (OTCBB: VYEY), a growing Permian Basin-focused oil and gas company based in Austin, Texas. We expect that the proposed combination will provide funding for our drilling program in the Eagle Ford shale and allow us to repay our existing debt obligations. We have worked diligently with Victory to develop an ambitious schedule for the proposed funding arrangements along with the definitive agreements relating to the proposed business combination and the related pre-merger funding and support arrangements," Mr. Schnur continued. "Also, we are very pleased that the NYSE MKT accepted our revised plan to regain compliance with its listing standards which detailed the strategic actions that we have taken or that are in progress and granted us an extension to comply with applicable listing standards through March 31, 2015. Please refer to a separate release that we issued on February 9, 2015 for more information regarding this extension."

Fiscal 2015 Third Quarter Results

For the fiscal 2015 third quarter, Lucas reported a net loss of $1.3 million, or ($0.04) per diluted share, compared to a $1.1 million loss, or a loss of ($0.04) per diluted share, in the same quarter last year and a sequential loss of $1.5 million, or a loss of ($0.04) per diluted share, in the fiscal second quarter of 2015. Our recent results were negatively impacted by certain non-recurring items primarily related to severance costs associated with recent staff reductions and other restructuring initiatives. Net operating revenues in the fiscal 2015 third quarter were $0.7 million, all of which were derived from crude oil sales, compared to revenues of $1.4 million in the fiscal 2014 third quarter and $1.0 million in the sequential fiscal 2015 second quarter.

Overall operating expenses in the fiscal 2015 third quarter declined by 28.6% to $1.6 million from the same period a year ago reflecting lower lease operating expense (LOE), lower depreciation, depletion and amortization expense and lower general and administrative expense (G&A). On a sequential basis, our operating expenses declined by 25.8%, primarily as a result of lower LOE and G&A expenses. LOE expense decreased by 39.4% from the same period last year reflecting a 68.7% decline in work over activity at certain wells, and G&A expense fell by 21.4%, reflecting lower share-based compensation and payroll.

Average production volumes were 105 net barrels of oil equivalent per day (BOEPD) compared to 113 BOEPD in the fiscal second quarter and 158 BOEPD in the same period last year. The production decline was largely a result of curtailed capital expenditures as we pursued strategic alternatives as directed by our Board of Directors.

For the first nine months of fiscal 2015, cash used in operating activities was approximately $1.2 million or 65% less than cash used during the same period last year. However, as of December 31, 2014, we had a working capital deficit of $9.2 million, primarily because approximately $7.1 million of the long-term portion of our Note Payable is now current as it matures within the next six months. Cash used in investing activities was 88% less, reflecting the sale of oil and gas properties in Madison County, and cash provided by financing activities was 84% lower than the same period last year when we received net proceeds of $6.6 million from the issuance and repayment of debt. At the end of our fiscal 2015 third quarter on December 31, 2014, our cash balance was $0.3 million compared to $0.5 million on March 31, 2014.

SELECTED FINANCIAL DATA (Three months ending December 31)

INCOME STATEMENT ($000s)	12/31/2014	12/31/2013
Net Operating Revenues	$ 683	$ 1,360
Operating Expenses		
Lease Operating Expenses	335	554
G&A	748	951
Other Operating Expenses	470	671
Total Operating Expense	1,553	2,176
Operating Income	(870)	(816)
Interest Expense & Other	(437)	(315)
Income (loss) before Income Taxes	(1,307)	(1,131)
Provision for Income Taxes	0	0
Net Loss	$ (1,307)	$ (1,131)

The Company's complete financial statements for the three months ended December 31, 2014, along with footnotes describing such financial statements, and additional information and disclosures regarding the financial line items described above and reasons for the changes in line items compared to the prior year's quarter, can be found in the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2014, filed with the Securities and Exchange Commission today.

About Lucas Energy, Inc.

Lucas Energy (NYSE MKT: LEI) is engaged in the development of crude oil and natural gas in the Austin Chalk and Eagle Ford formations in South Texas. Based in Houston, Lucas Energy's management team is committed to building a platform for growth and the development of its five million barrels of proved Eagle Ford and other oil reserves while continuing its focus on operating efficiencies and cost control.

For more information, please visit the Lucas Energy web site at **www.lucasenergy.com.**

About Victory Energy Corporation

Victory Energy Corporation (OTCQX: VYEY), is a publicly-held, growth-oriented oil and gas exploration and production company based in Austin, Texas with additional resources located in Midland, Texas. The Company is focused on the acquisition and development of stacked multi-pay resource play opportunities in the Permian Basin that offer predictable outcomes and long-lived reserve characteristics. The Company presently utilizes low-risk vertical well development which offers repeatable and profitable outcomes. Its current assets include interest in proven formations such as the Spraberry, Wolfcamp, Wolfberry, Mississippian, Cline and Fusselman formations.

For more information, please visit the Victory Energy Corporation web site at **www.vyey.com.**

Safe Harbor Statement and Disclaimer

This news release includes "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward looking statements give our current expectations, opinion, belief or forecasts of future events and performance. A statement identified by the use of forward looking words including "may," "expects," "projects," "anticipates," "plans," "believes," "estimate," "should," and certain of the other foregoing statements may be deemed forward-looking statements. Among these forward-looking statements are any statements regarding our expected completion of the proposed business combination between us and Victory, benefits and synergies of the proposed business combination, our ability to obtain funding for the Eagle Ford or other wells from Victory or any other party, future opportunities of the combined company, our expected ability to regain compliance with the Exchange's continued listing standards and any other statements regarding our planned capital raise, the planned drilling of additional wells and related disclosures. Although Lucas believes that the expectations reflected in such forward-looking statements are reasonable, these statements involve risks and uncertainties that may cause actual future activities and results to be materially different from those suggested or described in this news release. These include risks that may affect the proposed business combination and related proposed development of the Eagle Ford wells, including the satisfactory completion of due diligence by the parties, the ability of the parties to negotiate and enter into a definitive merger agreement and, if such an agreement is entered into, the satisfaction of the conditions contained in the definitive merger agreement, any delay or inability to obtain necessary approvals or consents from third parties, the ability of the parties to obtain financing for funding obligations, the inability of Lucas to maintain its listing on the NYSE MKT, and the ability of the parties to realize the anticipated benefits from the proposed business transaction. The forward looking statements are also subject to risks inherent in natural gas and oil drilling and production activities, including risks of fire, explosion, blowouts, pipe failure, casing collapse, unusual or unexpected formation pressures, environmental hazards, and other operating and production risks, which may temporarily or permanently reduce production or cause initial production or test results to not be indicative of future well performance or delay the timing of sales or completion of drilling operations; delays in receipt of drilling permits; risks with respect to natural gas and oil prices, a material decline which could cause Lucas to delay or suspend planned drilling operations or reduce production levels; risks relating to the availability of capital to fund drilling operations that can be adversely affected by adverse drilling results, production declines and declines in natural gas and oil prices; risks relating to unexpected adverse developments in the status of properties; risks relating to the absence or delay in receipt of government approvals or fourth party consents; and other risks described in Lucas's Annual Report on Form 10-Q, Form 10-K and other filings with the SEC, available at the SEC's website at www.sec.gov. Investors are cautioned that any forward-looking statements are not guarantees of future performance and actual results or developments may differ materially from those projected. The forward-looking statements in this press release are made as of the date hereof. The Company takes no obligation to update or correct its own forward-looking statements, except as required by law, or those prepared by third parties that are not paid for by the Company. The Company's SEC filings are available at http://www.sec.gov.