

8-K - 2010-03-26

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8-K

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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported) March 26, 2010

Lucas Energy, Inc.

(Exact name of registrant as specified in its charter)

Nevada

0-51414

98-0417780

(State or other jurisdiction of incorporation)

(Commission File Number)

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

6800 West Loop South, Suite 415, Bellaire, Texas

77401

(Address of principal executive offices)

(Zip Code)

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

(Former name or former address, if changed since last report.)

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

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01. Entry into a Material Definitive Agreement.

On March 26, 2010, Lucas Energy, Inc. (the “Company”) entered into a Placement Agent Agreement with WR Hambrecht + Co., which we refer to as Hambrecht, under which the Company may issue and sell up to 4,000,000 of its common shares from time to time in an at the market equity offering program with Hambrecht acting as the Company’s agent and/or principal.

Sales of the common shares, if any, under the program will depend upon market conditions and others factors to be determined by the Company and may be made in negotiated transactions or transactions that are deemed to be “at the market offerings” as defined in Rule 415 under the Securities Act of 1933, as amended, including sales made directly on the NYSE Amex, on any other existing trading market for the Common Stock or to or through a market maker. The Company has no obligation to sell any common shares in the program, and may at any time suspend solicitation and offers under the program or terminate the program.

A prospectus supplement relating to the common shares to be sold under the program has been filed with the Securities and Exchange Commission. This Current Report shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any state in which such offer, solicitation or sale would be unlawful prior to registration of qualification under the securities laws of any such state.

Attached as Exhibit 1.1 to this Current Report is a copy of the Placement Agent Agreement. The description of the Placement Agent Agreement does not purport to be complete and is qualified in its entirety by reference to the Placement Agent Agreement attached as an exhibit.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

- 1.1 Placement Agent Agreement between Lucas Energy, Inc. and WR Hambrecht + Co., dated March 26, 2010.
- 5.1 Opinion of Woodburn and Wedge
- 23.1 Consent of Woodburn and Wedge (included in the opinion filed as Exhibit 5.1)

Signature

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

LUCAS ENERGY, INC.

By: /s/ Donald L. Sytsma
Name: Donald L. Sytsma
Title: Chief Financial Officer

Date: March 26, 2010

Exhibit Index

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PLACEMENT AGENT AGREEMENT

March 26, 2010

W. R. + Hambrecht + Co., LLC.
420 Lexington Avenue, Suite 1825
New York, NY 10170

Ladies and Gentlemen:

LUCAS ENERGY, INC., a Nevada corporation (the “Company”) confirms its agreement (this “Agreement”) with WR HAMBRECHT+CO (“Agent”), as follows:

1. Issuance and Sale of Shares. The Company agrees that, in its sole discretion and from time to time during the term of this Agreement, on the terms and subject to the conditions set forth herein, it may issue and sell through Agent, acting as Agent and/or principal, up to 4,000,000 shares (the “Shares”) of the Company’s common stock, par value \$0.001 per share (the “Common Stock”). Notwithstanding anything to the contrary contained herein, the parties hereto agree that compliance with the limitation set forth in this Section 1 on the number of Shares issued and sold under this Agreement shall be the sole responsibility of the Company, and Agent shall have no obligation in connection with such compliance. The issuance and sale of Shares through Agent will be effected pursuant to the Registration Statement (as defined below) filed by the Company with the Securities and Exchange Commission (the “Commission”), although nothing in this Agreement shall be construed as requiring the Company to use the Registration Statement to issue the Shares.

The Company has filed, in accordance with the provisions of the Securities Act of 1933, as amended, and the rules and regulations thereunder (collectively, the “Securities Act”), with the Commission a registration statement on Form S-3 (File No. 333-164099), including a base prospectus, relating to certain securities, including the Shares to be issued from time to time by the Company, and which incorporates by reference documents that the Company has filed or will file in accordance with the provisions of the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (collectively, the “Exchange Act”). The Company has prepared a prospectus supplement specifically relating to the Shares (the “Prospectus Supplement”) to the base prospectus included as part of such registration statement. The Company has furnished to Agent, for use by Agent, copies of the prospectus included as part of such registration statement, as supplemented by the Prospectus Supplement, relating to the Shares. Except where the context otherwise requires, such registration statement, as amended when it became effective, including all documents filed as part thereof or incorporated by reference therein, and including any information contained in a Prospectus (as defined below) subsequently filed with the Commission pursuant to Rule 424(b) under the Securities Act or deemed to be a part of such registration statement pursuant to Rule 430B of the Securities Act, is herein called the “Registration Statement.” The base prospectus, including all documents incorporated therein by reference, included in the Registration Statement, as it may be supplemented by the Prospectus Supplement, in the form in which such prospectus and/or Prospectus Supplement have most recently been filed by the Company with the Commission pursuant to Rule 424(b) under the Securities Act, together with any “issuer free writing prospectus,” as defined in Rule 433 of the Securities Act Regulations (“Rule 433”), relating to the Shares that (i) is required to be filed with the Commission by the Company or (ii) is exempt from filing pursuant to Rule 433(d)(5)(i), in each case in the form filed or required to be filed with the Commission or, if not required to be filed, in the form retained in the Company’s records pursuant to Rule 433(g), is herein called the “Prospectus”. Any reference herein to the Registration Statement, the Prospectus or any amendment or supplement thereto shall be deemed to refer to and include the documents incorporated by reference therein, and any reference herein to the terms “amend,” “amendment” or “supplement” with respect to the Registration Statement or the Prospectus shall be deemed to refer to and include the filing after the execution hereof of any document with the Commission deemed to be incorporated by reference therein. For purposes of this Agreement, all references to the Registration Statement, the Prospectus or to any amendment or supplement thereto shall be deemed to include any copy filed with the Commission pursuant to its Electronic Data Gathering Analysis and Retrieval System (“EDGAR”).

2. **Placements.** Each time that the Company wishes to issue and sell Shares hereunder (each, a “Placement”), it will notify Agent by written notice (or other method mutually agreed to in writing by the parties) containing the parameters in accordance with which it desires the Shares to be sold, which shall at a minimum include the number of Shares to be issued (the “Placement Shares”), the time period during which sales are requested to be made, any limitation on the number of Shares that may be sold in any one day and any minimum price below which sales may not be made (a “Placement Notice”), a form of which containing such minimum sales parameters necessary is attached hereto as Schedule 1. The Placement Notice shall originate from any of the individuals from the Company set forth on Schedule 2 (with a copy to each of the other individuals from Agent set forth on Schedule 2, as such Schedule 2 may be amended from time to time. The Placement Notice shall be effective upon receipt by Agent unless and until (i) in accordance with the notice requirements set forth in Section 4, Agent declines to accept the terms contained therein for any reason, in its sole discretion, (ii) the entire amount of the Placement Shares have been sold, (iii) in accordance with the notice requirements set forth in Section 4, the Company suspends or terminates the Placement Notice, (iv) the Company issues a subsequent Placement Notice with parameters superseding those on the earlier dated Placement Notice, or (v) the Agreement has been terminated under the provisions of Section 11. The amount of any discount, commission or other compensation to be paid by the Company to Agent in connection with the sale of the Placement Shares shall be calculated in accordance with the terms set forth in Schedule 3. It is expressly acknowledged and agreed that neither the Company nor Agent will have any obligation whatsoever with respect to a Placement or any Placement Shares unless and until the Company delivers a Placement Notice to Agent and Agent does not decline such Placement Notice pursuant to the terms set forth above, and then only upon the terms specified therein and herein. In the event of a conflict between the terms of this Agreement and the terms of a Placement Notice, the terms of the Placement Notice will control.

3. **Sale of Placement Shares by Agent.** Subject to the terms and conditions herein set forth, upon the Company's issuance of a Placement Notice, and unless the sale of the Placement Shares described therein has been declined, suspended, or otherwise terminated in accordance with the terms of this Agreement, Agent, for the period specified in the Placement Notice, will use its commercially reasonable efforts consistent with its normal trading and sales practices to sell such Placement Shares up to the amount specified, and otherwise in accordance with the terms of such Placement Notice. Agent will provide written confirmation to the Company no later than the opening of the Trading Day (as defined below) immediately following the Trading Day on which it has made sales of Placement Shares hereunder setting forth the number of Placement Shares sold on such day, the compensation payable by the Company to Agent pursuant to Section 2 with respect to such sales, and the Net Proceeds (as defined below) payable to the Company, with an itemization of the deductions made by Agent (as set forth in Section 5(a)) from the gross proceeds that it receives from such sales. After consultation with the Company and subject to the terms of the Placement Notice, Agent may sell Placement Shares by any method permitted by law deemed to be an "at the market" offering as defined in Rule 415 of the Securities Act, including without limitation sales made directly on the American Stock Exchange (the "Exchange"), on any other existing trading market for the Common Stock or to or through a market maker. After consultation with the Company and subject to the terms of the Placement Notice, Agent may also sell Placement Shares in privately negotiated transactions. The Company acknowledges and agrees that (i) there can be no assurance that Agent will be successful in selling Placement Shares, and (ii) Agent will incur no liability or obligation to the Company or any other person or entity if it does not sell Placement Shares for any reason other than a failure by Agent to use its commercially reasonable efforts consistent with its normal trading and sales practices to sell such Placement Shares as required under this Section 3. For the purposes hereof, "Trading Day" means any day on which the Common Stock are purchased and sold on the principal market on which the Common Stock are listed or quoted.

4. **Suspension of Sales.** Company or Agent may, upon notice to the other party in writing (including by email correspondence to each of the individuals of the other party set forth on Schedule 2, if receipt of such correspondence is actually acknowledged by any of the individuals to whom the notice is sent, other than via auto-reply) or by telephone (confirmed immediately by verifiable facsimile transmission or email correspondence to each of the individuals of the other party set forth on Schedule 2), suspend any sale of Placement Shares; provided, however, that such suspension shall not affect or impair either party's obligations with respect to any Placement Shares sold hereunder prior to the receipt of such notice. Each of the parties agrees that no such notice under this Section 4 shall be effective against the other unless it is made to one of the individuals named on Schedule 2 hereto, as such Schedule may be amended from time to time.

5. **Settlement.**

(a) **Settlement of Placement Shares.** Unless otherwise specified in the applicable Placement Notice, settlement for sales of Placement Shares will occur on the third Trading Day (or such earlier day as is industry practice for regular-way trading) following the date on which such sales are made (each, a "Settlement Date"). The amount of proceeds to be delivered to the Company on a Settlement Date against receipt of the Placement Shares sold (the "Net Proceeds") will be equal to the aggregate sales price received by Agent at which such Placement Shares were sold, after deduction for (i) Agent's commission, discount or other compensation for such sales payable by the Company pursuant to Section 2 hereof, and (ii) any transaction fees imposed by any governmental or self-regulatory organization in respect of such sales required to be paid by Agent on behalf of the Company.

(b) Delivery of Placement Shares. On or before each Settlement Date, the Company will, or will cause its transfer agent to, electronically transfer the Placement Shares being sold by crediting Agent's or its designee's account (provided Agent shall have given the Company written notice of such designee prior to the Settlement Date) at The Depository Trust Company through its Deposit and Withdrawal at Custodian System or by such other means of delivery as may be mutually agreed upon by the parties hereto which in all cases shall be freely tradeable, transferable, registered shares in good deliverable form. On each Settlement Date, Agent will deliver the related Net Proceeds in same day funds to an account designated by the Company on, or prior to, the Settlement Date. The Company agrees that if the Company, or its transfer Agent (if applicable), defaults in its obligation to deliver Placement Shares on a Settlement Date, that in addition to and in no way limiting the rights and obligations set forth in Section 9(a) (Indemnification and Contribution) hereof but subject to Section 9(c) hereof, it will (i) hold Agent harmless against any loss, claim, damage, or expense (including reasonable legal fees and expenses), as incurred, arising out of or in connection with such default by the Company and (ii) pay to Agent any commission, discount, or other compensation to which it would otherwise have been entitled absent such default.

6. Representations and Warranties of the Company. The Company represents and warrants to, and agrees with, Agent that as of the date of this Agreement and as of each Representation Date (as defined in Section 7(n) below) on which a certificate is required to be delivered pursuant to Section 7(n) of this Agreement and as of each Applicable Time, as the case may be:

(a) The Company satisfies all of the requirements of the Securities Act for use of Form S-3 (File No. 333-164099) for the offering of the Shares contemplated hereby. The Company is not an "ineligible issue" as defined in Rule 405 of the Securities Act.

(b) The Registration Statement became effective under the Securities Act on January 13, 2010, and any post-effective amendment thereto also became effective. No stop order suspending the effectiveness of the Registration Statement has been issued under the Securities Act and no proceedings for that purpose have been instituted or are pending or, to the knowledge of the Company, are contemplated by the Commission, and any request on the part of the Commission for additional information has been complied with.

(c) At the respective times the Registration Statement and each amendment thereto became effective, at each deemed effective date with respect to Agent pursuant to Rule 430B(f)(2) of the Securities Act, as the case may be, the Registration Statement complied and will comply in all material respects with the requirements of the Securities Act, and did not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading.

(d) Neither any issuer free writing prospectus (as defined in Rule 433) relating to the Shares, nor the Prospectus nor any amendments or supplements thereto, considered together, at the time the Prospectus or any such amendment or supplement was issued, as of the date hereof, each Applicable Time and at each Representation Date, as the case may be, included or will include an untrue statement of a material fact or omitted or will omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(e) Each document incorporated by reference in the Registration Statement or the Prospectus heretofore filed, when it was filed (or, if any amendment with respect to any such document was filed, when such amendment was filed), conformed in all material respects with the requirements of the Exchange Act and the rules and regulations thereunder, and any further documents so filed and incorporated after the date of this Agreement will, when they are filed, conform in all material respects with the requirements of the Exchange Act and the rules and regulations thereunder; no such document when it was filed (or, if an amendment with respect to any such document was filed, when such amendment was filed), contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made not misleading; and no such document, when it is filed, will contain an untrue statement of a material fact or will omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(f) Company does not own or control, directly or indirectly, any corporation, association or other entity other than the subsidiaries listed in Exhibit 21 to the Company's Annual Report on Form 10-K for the most recently ended fiscal year and other than (i) those subsidiaries not required to be listed on Exhibit 21 by Item 601 of Regulation S-K under the Exchange Act and (ii) those subsidiaries formed since the last day of the most recently ended fiscal year (each a "Subsidiary" and collectively, the Subsidiaries").

(g) Each of the Company and the Subsidiaries (each a "Company Entity" and collectively the "Company Entities") are duly organized and validly existing in good standing under the laws of the state of its incorporation or organization with full corporate, partnership or entity power and authority, as the case may be, to own, lease and operate its properties and to conduct its business as presently conducted and as described in the Prospectus and is duly registered and qualified to conduct its business and is in good standing in each jurisdiction or place where the nature of its properties or the conduct of its business requires such registration or qualification, except where the failure to so register or qualify would not have a material adverse effect on the condition (financial or other), business, properties, prospects, or results of operations of any of the Company Entities, taken as a whole (a "Material Adverse Effect").

(h) All of the outstanding shares of Common Stock of the Company have been duly authorized and are validly issued, fully paid, non-assessable (except as otherwise described in the Prospectus) and free of preemptive or similar rights or other rights to subscribe for or to purchase securities provided for by law or by the declaration of trust, as amended and supplemented or the by-laws, as amended, of the Company; the Shares to be issued and sold pursuant to this Agreement have been duly authorized and, when issued and delivered against payment therefor as provided hereunder, will have been validly issued and will be fully paid, non-assessable (except as otherwise described in the Prospectus) and free of preemptive or similar rights; all outstanding Common Stock, (except for shares issued pursuant to the Company's incentive share award plans) are listed on the Exchange and the Company knows of no reason or set of facts which is likely to result in the delisting of such Common Stock or the inability to list the Shares; and there are no rights of holders of securities of the Company to the registration of Common Stock or other securities that would require inclusion of such Common Stock or other securities in the offering of the Shares.

(i) All of the outstanding shares, or other ownership interests in each of the Subsidiaries have been duly authorized and validly issued and, except as to the Subsidiaries that are partnerships, non-assessable, and, except as disclosed in the Prospectus, are or will be owned, directly or indirectly, by the Company free and clear of any security interest, claim, lien, encumbrance preemptive or similar rights or adverse interest of any nature.

(j) All of the issued and outstanding shares of the Company and the shares or limited liability company, partnership, limited partnership or other equity interests of each of the Subsidiaries have been offered, sold and issued by the relevant Company Entity in compliance with all applicable laws, including without limitation, federal and state securities laws.

(k) Except as described in the Prospectus, there is no litigation, action, suit, or proceeding by or before any court or governmental or other regulatory or administrative agency or commission pending or, to the Company's knowledge, threatened, to which any of the Company Entities is a party before any court or governmental agency or body, which might individually or in the aggregate prevent or adversely affect the consummation of this Agreement or the issuance, purchase and sale of the Shares or result in a Material Adverse Effect.

(l) There are no material agreements, contracts, indentures, leases or other instruments that are required to be described in the Prospectus or to be filed as an exhibit to the Registration Statement that are not described, filed or incorporated by reference in the Registration Statement and the Prospectus as required by the Securities Act. All such contracts to which any of the Company Entities is a party have been duly authorized, executed and delivered by the relevant Company Entity, constitute valid and binding agreements of the Company or the applicable subsidiary and are enforceable against the relevant Company Entity, in accordance with the terms thereof, except as enforceability thereof may be limited by (i) the application of bankruptcy, reorganization, insolvency and other laws affecting creditors' rights generally and/or (ii) equitable principles being applied at the discretion of a court before which any proceeding may be brought (regardless of whether enforcement is sought in a proceeding in equity or at law). None of the Company Entities have received notice that any of the Company Entities is in breach of or default under any of such contracts.

(m) None of the Company Entities are (i) in violation of (A) their Organizational Documents, (B) to each of the Company Entities' knowledge any law, ordinance, administrative or governmental rule or regulation applicable to the Company Entities, the violation of which would have a Material Adverse Effect or (C) any decree of any court or governmental agency or body having jurisdiction over the Company or any of its subsidiaries; or (ii) except as disclosed in the Prospectus, in default in any material respect in the performance of any obligation, agreement or condition contained in (A) any bond, debenture, note or any other evidence of indebtedness or (B) any agreement, indenture, lease or other instrument (each of (A) and (B), an "Existing Instrument") to which any of the Company Entities are a party or by which any of their properties may be bound, which default would have a Material Adverse Effect; and there does not exist any state of facts that constitutes a default or an event of default on the part of any of the Company Entities as defined in such documents or that, with notice or lapse of time or both, would constitute such a default or event of default which would have a Material Adverse Effect.

(n) The Company has full legal right, power and authority to enter into and perform this Agreement and to consummate the transactions contemplated herein, including the issuance, sale and delivery of the Shares as provided herein. This Agreement has been duly authorized, executed and delivered by the Company and constitutes a valid and legally binding agreement of the Company and is enforceable against the Company in accordance with its terms, except to the extent enforceability may be limited by (i) the application of bankruptcy, reorganization, insolvency and other laws affecting creditors' rights generally and/or (ii) equitable principles being applied at the discretion of a court before which any proceeding may be brought (regardless of whether enforcement is sought in a proceeding in equity or at law), and except as rights to indemnity and contribution hereunder may be limited by federal or state securities laws.

(o) No consent, approval, authorization, order, license, certificate, permit, registration, designation or filing by, with or from any governmental agency or body having jurisdiction over any of the Company Entities, or any of their respective properties or assets is required for the execution, delivery and performance by the Company of its obligations under this Agreement and the consummation by the Company of the transactions contemplated hereby, including the valid authorization, issuance, sale and delivery of the Shares pursuant to the Agreement, except such as have been obtained or made and such as may be required by the Exchange and the securities or Blue Sky laws of the various states in connection with the offer and sale of the Shares.

(p) Neither the issuance and sale of the Shares by the Company, the execution, delivery or performance of this Agreement by the Company, nor the consummation by the Company of the transactions contemplated hereby (i) conflicts with or will conflict with or constitutes or will constitute a breach of, or a default under, the declaration of trust, as amended and supplemented, or the by-laws, as amended, of the Company or the Organizational Documents of any of the Company Entities, or any Existing Instrument to which the Company or any of its subsidiaries is a party or by which any of its or their properties may be bound, (ii) violates any statute, law, regulation, ruling, filing, judgment, injunction, order or decree applicable to the Company, any of its subsidiaries, or any of their properties, or (iii) results in a Debt Repayment Triggering Event (as defined below) under, or results in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its subsidiaries pursuant to, or requires the consent of any other party to, any Existing Instrument, except for such conflicts, breaches, defaults, violations, liens, charges or encumbrances that, in the case of (i), (ii) and (iii) will not, individually or in the aggregate, result in a Material Adverse Effect. As used herein, a "Debt Repayment Triggering Event" means any event or condition that gives, or with the giving of notice or lapse of time would give, the holder of any note, debenture or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any of its subsidiaries prior to the stated maturity date thereof.

(q) GBH CPAs, PC, the accounting firm that has certified the audited financial statements (including the related notes thereto and supporting schedules) of the Company Entities incorporated by reference in the Registration Statement and the Prospectus, is and was, during the periods covered by its reports incorporated by reference in the Registration Statement and the Prospectus, an independent registered public accounting firm as required by the Securities Act, the Exchange Act and the Public Company Accounting Oversight Board in the United States ("PCAOB").

(r) The financial statements of the Company Entities, together with the related schedules and notes thereto, included or incorporated by reference in the Registration Statement and the Prospectus, comply as to form in all material respects with the requirements of the Securities Act. Such financial statements of the Company Entities, together with the related schedules and notes thereto, present fairly, in all material respects, the consolidated financial position, results of operations, shareholders' equity and changes in financial position of the Company Entities, at the dates or for the respective periods therein specified and have been prepared in accordance with GAAP consistently applied throughout the periods involved.

(s) Except as otherwise disclosed in the Prospectus or made publicly available, subsequent to the respective dates as of which such information is given in the Registration Statement and the Prospectus, (i) there has been no Material Adverse Effect or any development that may reasonably be expected to result in a Material Adverse Effect, (ii) there have been no material transactions entered into by the any of the Company Entities, on a consolidated basis, other than transactions in the ordinary course of business, (iii) none of the Company Entities have incurred any material liabilities or obligations, direct or contingent, (iv) the Company Entities, on a consolidated basis, have not, other than regular quarterly dividends, declared, paid or made a material dividend or distribution of any kind on any class of its shares of Common Stock (other than dividends or distributions from wholly owned Subsidiaries), (v) the Company is not in default under the terms of any class of capital shares of the Company or any outstanding debt obligations, if any, which would result in a Material Adverse Effect, (vi) there has not been any change in the authorized or outstanding capital stock of the Company (other than the issuance of Common Stock to employees and officers of the Company pursuant to the Company's incentive share award plans, pursuant to private placements in an aggregate amount below the amounts specified in Item 3.02 (b) of Form 8-K and upon exchange or conversion of other outstanding securities) and (vii) there has not been any material increase in the short-term or long-term debt (including capitalized lease obligations but excluding borrowings under existing or future bank lines of credit) of the Company Entities, on a consolidated basis.

(t) The Company has not distributed and will not distribute any offering material in connection with the offering and sale of the Shares to be sold hereunder by Agent as principal or Agent for the Company, other than the Prospectus and the Registration Statement.

(u) The Company has not taken and will not take prior to the later of the termination of this Agreement or the Settlement Date of the last sale of any Placement Shares hereunder, directly or indirectly, any action that is not permitted under Section 7(q) hereof.

(v) The Company Entities have filed all material tax returns required to be filed other than those being contested in good faith (and other than certain state or local tax returns, as to which the failure to file, individually or in the aggregate, would not have a Material Adverse Effect), and the Company Entities are not in default in the payment of any material taxes that were payable pursuant to said returns or any assessments with respect thereto other than those being contested in good faith and for which adequate reserves have been provided; no tax deficiency has been asserted against the Company Entities, nor, to the knowledge of the directors and officers of the Company is any tax deficiency likely to be asserted against the Company Entities; and all tax liabilities, if any, are adequately provided for on the respective books of the entities.

(w) Except as set forth in the Prospectus, there are no transactions with “affiliates” (as defined in Rule 405 promulgated under the Securities Act) or any officer, director, or security holder of the Company (whether or not an affiliate) that are required by the Securities Act to be disclosed in the Prospectus that have not been disclosed as required. Additionally, no relationship, direct or indirect, exists between the Company Entities on the one hand, and the directors, officers, stockholders, customers or suppliers of the Company Entities on the other hand that is required by the Securities Act to be disclosed in the Prospectus that is not so disclosed. Except as disclosed in the Prospectus, there are no material outstanding loans or advances or material guarantees of indebtedness by any of the Company Entities to or for the benefit of any of the officers or directors of the Company Entities or any of the members of the families of any of them.

(x) None of the Company Entities is an “investment company”, a company “controlled” by an “investment company” or an “affiliated person” of, or “promoter” or “principal underwriter” for, an investment company within the meaning of the Investment Company Act of 1940, as amended, or an “investment advisor” as such term is defined in the Investment Advisers Act 1940, as amended.

(y) The Company has established and maintains disclosure controls and other procedures (as such term is defined in Rule 13a-15 and 15d-15 under the Exchange Act) that (a) are designed to ensure that material information relating to any of the Company Entities, is made known to the Company’s Chief Executive Officer and Chief Financial Officer (or persons performing similar functions) by others within those entities particularly during the periods in which the filings made by the Company with the Commission which it may make under Sections 13(a), 13(c), 14 or 15(d) of the 1934 Act are being prepared, (b) have been evaluated for effectiveness as of the end of the period covered by the Company’s most recent Annual Report on Form 10-K filed with the Commission, (c) are effective to perform the functions for which they were established and (d) the principal executive officers (or their equivalents) and principal financial officers (or their equivalents) of the Company have made all certifications required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002 and any related rules and regulations promulgated by the Commission, and the statements contained in any such certification were correct when made. The Company’s accountants and the audit committee of the board of directors of the Company have been advised of (x) any significant deficiencies in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company’s ability to record, process, summarize, and report financial data and (y) any fraud, whether or not material, that involves management or other employees who have a role in the Company’s internal control over financial reporting. Since the date of the most recent evaluation of such disclosure controls and procedures, there have been no significant changes in the Company’s internal control over financial reporting or in other factors that have materially affected or are reasonably likely to materially affect the Company’s internal control over financial reporting.

(z) To the Company's knowledge, the system of internal accounting controls of the Company Entities, taken as a whole, is sufficient to meet the broad objectives of internal accounting controls insofar as those that would be material in relation to the Company's financial statements; and, to the Company's knowledge, none of the Company Entities, nor any employee or Agent thereof, has made any payment of funds of any of the Company Entities, as the case may be, or received or retained any funds, and no funds of any of the Company Entities, as the case may be, have been set aside to be used for any payment, in each case in violation of any law, rule or regulation.

(aa) None of the Company Entities nor, to the knowledge of the Company, any officer or director purporting to act on behalf of any of the Company Entities, has at any time: (i) made any contributions to any candidate for political office, or failed to disclose fully any such contributions, in violation of law; (ii) made any payment of funds to, or received or retained any funds from, any state, federal or foreign governmental officer or official, or other person charged with similar public or quasi-public duties, other than payments required or allowed by applicable law; or (iii) engaged in any transactions, maintained any bank accounts or used any corporate funds except for transactions, bank accounts and funds, which have been and are reflected in the normally maintained books and records of the Company Entities.

(bb) Except as otherwise set forth in the Prospectus, to the Company's knowledge (i) the Company Entities have been and are in compliance in all material respects with, and none of the Company Entities have any liability under, applicable Environmental Laws (as hereinafter defined) except for such non-compliance or liability which would not have a Material Adverse Effect; (ii) none of the Company Entities have received any written notice of, or has any knowledge of any occurrence or circumstance which, with notice or passage of time or both, would give rise to a claim under or pursuant to any Environmental Law by any governmental or quasi-governmental body or any third party with respect to the real properties or the assets of the Company Entities or arising out of their conduct, except for such claims that would not be reasonably likely to cause the Company Entities to incur liability which has a Material Adverse Effect and that would not be required to be disclosed in the Prospectus; (iii) none of the real properties owned by any of the Company Entities is included or proposed for inclusion on the National Priorities List issued pursuant to CERCLA (as defined below) by the United States Environmental Protection Agency (the "EPA") or on any similar list or inventory issued by any other federal, state or local governmental authority having or claiming jurisdiction over such properties pursuant to any other Environmental Law other than such inclusions or proposed inclusions as would not be reasonably likely to cause a Material Adverse Effect. As used herein, "Hazardous Material" shall include, without limitation, any flammable explosives, radioactive materials, chemicals, hazardous wastes, toxic substances, petroleum or petroleum products, asbestos-containing materials, mold or any hazardous material as defined by any federal, state or local law, ordinance, rule or regulation relating to the protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Secs. 9601-9675 ("CERCLA"), the Hazardous Materials Transportation Act, as amended, 49 U.S.C. Secs. 5101-5127, the Resource Conservation and Recovery Act, as amended, 42 U.S.C. Secs. 6901-6992k, the Emergency Planning and Community Right-to-Know Act of 1986, 42 U.S.C. Secs. 11001-11050, the Toxic Substances Control Act, 15 U.S.C. Secs. 2601-2671, the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. Secs. 136-136y, the Clean Air Act, 42 U.S.C. Secs. 7401-7642, the Clean Water Act (Federal Water Pollution Control Act), 33 U.S.C. Secs. 1251-1387, and the Safe Drinking Water Act, 42 U.S.C. Secs. 300f-300j-26, as any of the above statutes may be amended from time to time, and the regulations promulgated pursuant to any of the foregoing (individually, an "Environmental Law" and collectively "Environmental Laws").

(cc) None of the entities which prepared appraisals of the Company's properties or Phase I environmental assessment reports with respect to such properties was employed for such purpose on a contingent basis or has any substantial interest in any of the Company Entities, and none of their directors, officers or employees is connected with any of the Company Entities as a promoter, selling Agent, voting trustee, officer or employee.

(dd) Each of the Company Entities has such permits, licenses, franchises, certificates, consents, orders, approvals, and authorizations of governmental or regulatory authorities (together, "Permits"), including, without limitation, under any applicable Environmental Law, as are necessary to own, lease and operate its properties and to engage in the business currently conducted by it, except such permits as to which the failure to own or possess will not in the aggregate have a Material Adverse Effect. All such Permits are in full force and effect and each of the Company Entities are in compliance with the terms and conditions of all such Permits, except where the invalidity of such Permits or the failure of such Permits to be in full force and effect or the failure to comply with such permits will not have a Material Adverse Effect. None of the Company Entities have received any notice of proceedings relating to the revocation or modification of any permit which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a Material Adverse Effect.

(ee) The Company Entities own, or possess adequate rights to use each material trade name, trademark, service mark, patent, copyright, approval, trade secret and other similar rights (collectively "Intellectual Property") necessary for the Company Entities to conduct their respective businesses as described in the Registration Statement and the Prospectus; and none of the Company Entities have received any notice of conflict with, or infringement of, the asserted rights of others with respect to any Intellectual Property (other than conflicts or infringements that, if proven, would not individually or in the aggregate have a Material Adverse Effect), and none of the Company Entities knows of any basis therefore.

(ff) Each of the Company Entities maintain insurance with insurers of recognized financial responsibility against such losses and risks and in such amounts as are adequate in accordance with customary industry practice to protect the Company Entities and their respective businesses; and none of the Company Entities has reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a Material Adverse Effect, except as disclosed in the Prospectus.

(gg) Except as referred to or described in the Prospectus or as otherwise publicly available, none of the Subsidiaries owns any shares of stock or any other securities of any corporation or has any equity interest in any firm, partnership, association or other entity other than the issued capital shares of or interests in its subsidiaries, and the Company does not own, directly or indirectly, any shares of stock or any other securities of any corporation or have any equity interest in any firm, partnership, association or other entity other than the issued capital shares of or interests in the Subsidiaries, except in each case for non-controlling positions acquired in the ordinary course of business.

(hh) Other than this Agreement or as set forth in Schedule 6(hh) attached hereto, there are no contracts, agreements or understandings between any of the Company Entities and any person that would give rise to a valid claim against any of the Company Entities or Agent for a brokerage commission, finder's fee or other like payment with respect to the consummation of the transactions contemplated by this Agreement.

(ii) Except as described in the Prospectus or as otherwise publicly available, there are no contracts, agreements or understandings between the Company Entities and any person granting such person the right to require the Company to file a registration statement under the Securities Act with respect to any securities of the Company owned or to be owned by such person or to require the Company to include such securities in the securities registered pursuant to the Registration Statement or in any securities being registered pursuant to any other registration statement filed by the Company under the Securities Act.

(jj) The Company does not have any liabilities under the Employee Retirement Income Security Act of 1974, as amended, or Section 4975 of the Code that might have a Material Adverse Effect.

(kk) No labor dispute with the employees of any of the Company Entities exists or, to the knowledge of the Company, is imminent that might have a Material Adverse Effect.

(ll) The Company acknowledges and agrees that Agent has informed the Company that Agent may, to the extent permitted under the Securities Act and the Exchange Act, purchase and sell Common Stock for its own account while this Agreement is in effect and (ii) the Company shall not be deemed to have authorized or consented to any such purchases or sales by Agent.

(mm) Any certificate signed by an officer of the Company and delivered to Agent or to counsel for Agent pursuant to this Agreement shall be deemed to be a representation and warranty by the Company to Agent as to the matters set forth therein.

(nn) The Company acknowledges that Agent and, for purposes of the opinions to be delivered pursuant to Section 7 hereof, counsel to the Company and counsel to Agent, will rely upon the accuracy and truthfulness of the foregoing representations and hereby consents to such reliance.

(oo) In connection with the offering of the Placement Shares, the Company has not offered and will not offer its Shares or any other securities convertible into or exchangeable or exercisable for Shares in a manner in violation of the Exchange Act or the Securities Act; the Company has not distributed and will not distribute any Prospectus or other offering material in connection with the offer and sale of the Placement Shares, except as contemplated herein.

7. Covenants of the Company. The Company covenants and agrees with Agent that:

(a) Registration Statement Amendments; Payment of Fees. After the date of this Agreement and during any period in which the Prospectus relating to any Placement Shares is required to be delivered by Agent under the Securities Act (including in circumstances where such requirement may be satisfied pursuant to Rule 172 under the Securities Act), (i) the Company will notify Agent promptly of the time when any subsequent amendment to the Registration Statement, other than documents incorporated by reference, has been filed with the Commission and/or has become effective or any subsequent supplement to the Prospectus has been filed and of any comment letter from the Commission or any request by the Commission for any amendment or supplement to the Registration Statement or Prospectus or for additional information, (ii) the Company will prepare and file with the Commission, promptly upon Agent's request, any amendments or supplements to the Registration Statement or Prospectus that, in Agent's reasonable opinion, may be necessary or advisable in connection with the distribution of the Placement Shares by Agent (provided, however, that the failure of Agent to make such request shall not relieve the Company of any obligation or liability hereunder, or affect Agent's right to rely on the representations and warranties made by the Company in this Agreement); (iii) the Company will not file any amendment or supplement to the Registration Statement or Prospectus, other than documents incorporated by reference, relating to the Placement Shares or a security convertible into the Placement Shares unless a copy thereof has been submitted to Agent within a reasonable period of time before the filing and Agent has not reasonably objected thereto (provided, however, that the failure of Agent to make such objection shall not relieve the Company of any obligation or liability hereunder, or affect Agent's right to rely on the representations and warranties made by the Company in this Agreement) and the Company will furnish to Agent at the time of filing thereof a copy of any document that upon filing is deemed to be incorporated by reference into the Registration Statement or Prospectus, except for those documents available via EDGAR; and (iv) the Company will cause each amendment or supplement to the Prospectus, other than documents incorporated by reference, to be filed with the Commission as required pursuant to the applicable paragraph of Rule 424(b) of the Securities Act (without reliance on Rule 424(b)(8) of the Securities Act).

(b) Notice of Commission Stop Orders. The Company will advise Agent, promptly after it receives notice or obtains knowledge thereof, of the issuance or threatened issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or any other order preventing or suspending the use of the Prospectus, of the suspension of the qualification of the Placement Shares for offering or sale in any jurisdiction, or of the initiation or threatening of any proceeding for any such purpose or any examination pursuant to Section 8(e) of the Securities Act, or if the Company becomes the subject of a proceeding under Section 8A of the Securities Act in connection with the offering of the Shares; and it will promptly use its commercially reasonable efforts to prevent the issuance of any stop or other order or to obtain its withdrawal if such a stop or other order should be issued.

(c) Delivery of Prospectus; Subsequent Changes. During any period in which the Prospectus relating to the Placement Shares is required to be delivered by Agent under the Securities Act with respect to a pending sale of the Placement Shares (including in circumstances where such requirement may be satisfied pursuant to Rule 172 under the Securities Act), the Company will comply with all requirements imposed upon it by the Securities Act, as from time to time in force, and to file on or before their respective due dates all reports and any definitive proxy or information statements required to be filed by the Company with the Commission pursuant to Sections 13(a), 13(c), 14, 15(d) or any other provision of or under the Exchange Act. If during such period any event occurs as a result of which the Prospectus as then amended or supplemented would include an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances then existing, not misleading, or if during such period it is necessary to amend or supplement the Registration Statement or the Prospectus to comply with the Securities Act, the Company will promptly notify Agent to suspend the offering of Placement Shares during such period and the Company will promptly amend or supplement, or file a free writing prospectus applicable to, the Registration Statement or the Prospectus (at the expense of the Company) so as to correct such statement or omission or effect such compliance.

(d) Listing of Placement Shares. During any period in which the Prospectus relating to the Placement Shares is required to be delivered by Agent under the Securities Act with respect to a pending sale of the Placement Shares (including in circumstances where such requirement may be satisfied pursuant to Rule 172 under the Securities Act), the Company will use its commercially reasonable efforts to cause the Placement Shares to be listed on the Exchange and will cooperate with Agent to qualify the Placement Shares for sale under the securities laws of such jurisdictions in the United States as Agent reasonably designates and to continue such qualifications in effect so long as required for the distribution of the Placement Shares; provided, however, that the Company shall not be required in connection therewith to qualify as a foreign entity or dealer in securities or file a general consent to service of process in any jurisdiction.

(e) Filings with the Exchange. The Company will timely file with the Exchange all documents and notices required by the Exchange of companies that have or will issue securities that are traded on the Exchange.

(f) Delivery of Registration Statement and Prospectus. The Company will furnish to Agent and its counsel (at the expense of the Company) copies of the Registration Statement, the Prospectus (including all documents incorporated by reference therein) and all amendments and supplements to the Registration Statement or the Prospectus that are filed with the Commission during any period in which the Prospectus relating to the Placement Shares is required to be delivered under the Securities Act (including all documents filed with the Commission during such period that are deemed to be incorporated by reference therein), in each case as soon as reasonably practicable and in such quantities as Agent may from time to time reasonably request and, at Agent's request, will also furnish copies of the Prospectus to each exchange or market on which sales of the Placement Shares may be made, provided however, that the Company shall not be required to furnish any document (other than the Prospectus) to Agent to the extent such document is available on EDGAR. The copies of the Registration Statement and the Prospectus and any supplements or amendments thereto furnished to Agent will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(g) Earnings Statement. The Company will make generally available to its security holders as soon as reasonably practicable, but in any event not later than 15 months after the end of the Company's current fiscal quarter, an earnings statement covering a 12-month period that satisfies the provisions of Section 11(a) and Rule 158 of the Securities Act. "Earnings statement" and "make generally available" will have the meanings contained in Rule 158 under the Securities Act.

(h) Expenses. The Company, whether or not the transactions contemplated hereunder are consummated or this Agreement is terminated, in accordance with the provisions of Section 11 hereunder, will pay all expenses incident to the performance of its obligations hereunder, including, but not limited to, expenses relating to (i) the preparation, printing and filing of the Registration Statement and each amendment and supplement thereto, of the Prospectus and of each amendment and supplement thereto, (ii) the preparation, issuance and delivery of the Placement Shares, (iii) the qualification of the Placement Shares under securities laws in accordance with the provisions of Section 7(d) of this Agreement, including filing fees, (iv) the printing and delivery to Agent of copies of the Prospectus and any amendments or supplements thereto, and of this Agreement, (v) the fees and expenses incurred in connection with the listing or qualification of the Placement Shares for trading on the Exchange, and (vi) filing fees and expenses, if any, of the Commission and the FINRA Corporate Financing Department.

(i) Use of Proceeds. The Company will apply the net proceeds from the sale of the Shares to be sold by it hereunder in accordance in all material respects with the statements under the caption "Use of Proceeds" in the Prospectus.

(j) Other Sales. During the pendency of any Placement Notice given hereunder, the Company shall provide Agent notice as promptly as reasonably possible before it offers to sell, contracts to sell, sells, grants any option to sell or otherwise disposes of any Common Stock (other than Placement Shares offered pursuant to the provisions of this Agreement) or securities convertible into or exchangeable for Common Stock, warrants or any rights to purchase or acquire Common Stock; provided, that such notice shall not be required in connection with the (i) issuance, grant or sale of Common Stock, options to purchase Common Stock or Common Stock upon the exercise of options or other equity awards pursuant to the any stock option, stock bonus or other stock plan or arrangement then in effect or which the Company may from time to time adopt provided the implementation of such is disclosed to Agent in advance, (ii) the issuance of securities in connection with an acquisition, merger or sale or purchase of assets described in the Prospectus, (iii) any Common Stock issuable upon the exchange, conversion, exercise or redemption of or with respect to securities of the Company or any Subsidiaries or rights now or hereafter in effect or outstanding; or (iv) the issuance or sale of Common Stock pursuant to any dividend reinvestment plan or direct stock purchase plan that the Company may adopt from time to time provided the implementation of such is disclosed to Agent in advance.

(k) Change of Circumstances. The Company will, at any time during a fiscal quarter in which the Company tenders a Placement Notice or sells Placement Shares, advise Agent as promptly as reasonably possible prior to the delivery of such Placement Notice, of any information or fact that would alter or affect in any material respect any opinion, certificate, letter or other document provided to Agent pursuant to this Agreement.

(l) Due Diligence Cooperation. The Company will cooperate with any reasonable due diligence review conducted by Agent or its Agents in connection with the transactions contemplated hereby, including, without limitation, providing information and making available documents and senior officers, upon reasonable notice during regular business hours and at the Company's principal offices, as Agent may reasonably request.

(m) Required Filings Relating to Placement of Placement Shares. The Company agrees that on such dates as the Securities Act shall require, the Company will (i) file a prospectus supplement with the Commission under the applicable paragraph of Rule 424(b) under the Securities Act, which prospectus supplement will set forth, within the relevant period, the amount of Placement Shares to be sold through Agent, the Net Proceeds to the Company and the compensation payable by the Company to Agent with respect to such Placement Shares, and (ii) deliver such number of copies of each such prospectus supplement to each exchange or market on which such sales were effected as may be required by the rules or regulations of such exchange or market.

(n) Representation Dates; Certificate. On or prior to the date that the first Shares are sold pursuant to the terms of this Agreement and each time the Company (i) files the Prospectus relating to the Placement Shares or amends or supplements the Registration Statement or the Prospectus relating to the Placement Shares (other than a prospectus supplement filed in accordance with Section 7(m) of this Agreement) by means of a post-effective amendment, sticker, or supplement but not by means of incorporation of documents by reference to the Registration Statement or the Prospectus relating to the Placement Shares; (ii) files an annual report on Form 10-K under the Exchange Act; (iii) files its quarterly reports on Form 10-Q under the Exchange Act; or (iv) files a report on Form 8-K containing amended financial information (other than an earnings release, to "furnish" information pursuant to Items 2.02 or 7.01 of Form 8-K or to provide disclosure pursuant to Item 8.01 of Form 8-K relating to the reclassifications of certain properties as discontinued operations in accordance with Statement of Financial Accounting Standards No. 144) under the Exchange Act (each date of filing of one or more of the documents referred to in clauses (i) through (iv) shall be a "Representation Date"); the Company shall furnish Agent with a certificate, in the form attached hereto as Exhibit 7(n) within three (3) Trading Days of any Representation Date if requested by Agent. The requirement to provide a certificate under this Section 7(n) is hereby waived for any Representation Date occurring at a time at which no Placement Notice is pending, which waiver shall continue until the earlier to occur of the date the Company delivers a Placement Notice hereunder (which for such calendar quarter shall be considered a Representation Date) and the next occurring Representation Date; provided, however, that such waiver shall not apply for any Representation Date on which the Company files its annual report on Form 10-K. Notwithstanding the foregoing, if the Company subsequently decides to sell Placement Shares following a Representation Date when the Company relied on such waiver and did not provide Agent with a certificate under this Section 7(n), then before the Company delivers the Placement Notice or Agent sells any Placement Shares, the Company shall provide Agent with a certificate, in the form attached hereto as Exhibit 7(n), dated the date of the Placement Notice.

(o) Legal Opinion. On or prior to the date that the first Shares are sold pursuant to the terms of this Agreement and within five (5) Trading Days of each Representation Date with respect to which the Company is obligated to deliver a certificate in the form attached hereto as Exhibit 7(n) for which no waiver is applicable, the Company shall cause to be furnished to Agent a written opinion of each of Katten Muchin Rosenman LLP (“Company Counsel”) and Woodburn and Wedge, as Nevada counsel, or other counsel satisfactory to Agent, in form and substance satisfactory to Agent and its counsel, dated the date that the opinions are required to be delivered, substantially similar to the form attached hereto as Exhibit 7(o)(1), modified, as necessary, to relate to the Registration Statement and the Prospectus as then amended or supplemented; provided, however, that in lieu of such opinions for subsequent Representation Dates, counsel may furnish Agent with a letter (a “Reliance Letter”) to the effect that Agent may rely on a prior opinion delivered under this Section 7(o) to the same extent as if it were dated the date of such letter (except that statements in such prior opinion shall be deemed to relate to the Registration Statement and the Prospectus as amended or supplemented at such Representation Date).

(p) Comfort Letter. On or prior to the date that the first Shares are sold pursuant to the terms of this Agreement and within five (5) Trading Days of each Representation Date with respect to which the Company is obligated to deliver a certificate in the form attached hereto as Exhibit 7(n) for which no waiver is applicable, the Company shall cause its independent accountants (and any other independent accountants whose report is included in the Registration Statement or the Prospectus) to furnish Agent letters (the “Comfort Letters”), dated the date of the Comfort Letter is delivered, in form and substance satisfactory to Agent, (i) confirming that they are an independent registered public accounting firm within the meaning of the Securities Act, the Exchange Act and the PCAOB, (ii) stating, as of such date, the conclusions and findings of such firm with respect to the financial information and other matters ordinarily covered by accountants’ “comfort letters” to underwriters in connection with registered public offerings (the first such letter, the “Initial Comfort Letter”) and (iii) updating the Initial Comfort Letter with any information that would have been included in the Initial Comfort Letter had it been given on such date and modified as necessary to relate to the Registration Statement and the Prospectus, as amended and supplemented to the date of such letter.

(q) Market Activities. The Company will not, directly or indirectly, (i) take any action designed to cause or result in, or that constitutes or might reasonably be expected to constitute, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares or (ii) sell, bid for, or purchase the Shares to be issued and sold pursuant to this Agreement, or pay anyone any compensation for soliciting purchases of the Shares to be issued and sold pursuant to this Agreement other than Agent; provided, however, that the Company may bid for and purchase its Common Stock in accordance with Rule 10b-18 under the Exchange Act.

(r) Investment Company Act. The Company will conduct its affairs in such a manner so as to reasonably ensure that neither it nor its subsidiaries will be or become, at any time prior to the termination of this Agreement, an “investment company,” as such term is defined in the Investment Company Act, assuming no change in the Commission’s current interpretation as to entities that are not considered an investment company.

(s) Securities Act and Exchange Act. The Company will use its best efforts to comply with all requirements imposed upon it by the Securities Act and the Exchange Act as from time to time in force, so far as necessary to permit the continuance of sales of, or dealings in, the Placement Shares as contemplated by the provisions hereof and the Prospectus.

(t) No Offer to Sell. Other than a free writing prospectus (as defined in Rule 405 under the Securities Act) approved in advance by the Company and Agent in its capacity as principal or Agent hereunder, neither Agent nor the Company (including its Agents and representatives, other than Agent in its capacity as such) will, directly or indirectly, make, use, prepare, authorize, approve or refer to any free writing prospectus relating to the Shares to be sold by Agent as principal or Agent hereunder.

8. Conditions to Agent’s Obligations. The obligations of Agent hereunder with respect to a Placement will be subject to the continuing accuracy and completeness of the representations and warranties made by the Company herein, to the due performance by the Company of obligations hereunder, to the completion by Agent of a due diligence review satisfactory to Agent in its reasonable judgment, and to the continuing satisfaction (or waiver by Agent in its sole discretion) of the following additional conditions:

(a) Registration Statement Effective. The Registration Statement shall be effective and shall be available for (i) all sales of Placement Shares issued pursuant to all prior Placement Notices and (ii) the sale of all Placement Shares contemplated to be issued by any Placement Notice.

(b) No Material Notices. None of the following events shall have occurred and be continuing: (i) receipt by the Company or any of its subsidiaries of any request for additional information from the Commission or any other federal or state governmental authority during the period of effectiveness of the Registration Statement, the response to which would require any post-effective amendments or supplements to the Registration Statement or the Prospectus; (ii) the issuance by the Commission or any other federal or state governmental authority of any stop order suspending the effectiveness of the Registration Statement or the initiation of any proceedings for that purpose; (iii) receipt by the Company of any notification with respect to the suspension of the qualification or exemption from qualification of any of the Placement Shares for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose; (iv) the occurrence of any event that makes any material statement made in the Registration Statement or the Prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires the making of any changes in the Registration Statement, related Prospectus or such documents so that, in the case of the Registration Statement, it will not contain any materially untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading and, that in the case of the Prospectus, it will not contain any materially untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(c) No Misstatement or Material Omission. Agent shall not have advised the Company that the Registration Statement or the Prospectus, or any amendment or supplement thereto, contains an untrue statement of fact that in Agent's reasonable opinion is material, or omits to state a fact that in Agent's opinion is material and is required to be stated therein or is necessary to make the statements therein not misleading.

(d) Material Changes. Except as disclosed in the Prospectus, there shall not have been any material adverse change, on a consolidated basis, in the authorized equity or long-term debt of the Company or any Material Adverse Effect, or any development that could reasonably be expected to cause a Material Adverse Effect, or any downgrading in or withdrawal of the rating assigned to any of the Company's securities (other than asset backed securities) by any rating organization or a public announcement by any rating organization that it has under surveillance or review its rating of any of the Company's securities (other than asset backed securities), the effect of which, in the case of any such action by a rating organization described above, in the reasonable judgment of Agent (without relieving the Company of any obligation or liability it may otherwise have), is so material as to make it impracticable or inadvisable to proceed with the offering of the Placement Shares on the terms and in the manner contemplated in the Prospectus.

(e) Legal Opinion. Agent shall have received the opinions of Company Counsel required to be delivered pursuant Section 7(o) on or before the date on which such delivery of such opinion is required pursuant to Section 7(o).

(f) Comfort Letter. Agent shall have received the Comfort Letter required to be delivered pursuant Section 7(p) on or before the date on which such delivery of such Comfort Letter is required pursuant to Section 7(p).

(g) Representation Certificate. Agent shall have received the certificate required to be delivered pursuant to Section 7(n) on or before the date on which delivery of such certificate is required pursuant to Section 7(n).

(h) No Suspension. Trading in the Common Stock shall not have been suspended on the Exchange.

(i) Other Materials. On each date on which the Company is required to deliver a certificate pursuant to Section 7(n), the Company shall have furnished to Agent such appropriate further information, certificates and documents as Agent may have reasonably requested. All such opinions, certificates, letters and other documents shall have been in compliance with the provisions hereof. The Company shall have furnished Agent with such conformed copies of such opinions, certificates, letters and other documents as Agent shall have reasonably requested.

(j) Securities Act Filings Made. All filings with the Commission required by Rule 424 under the Securities Act to have been filed prior to the issuance of any Placement Notice hereunder shall have been made within the applicable time period prescribed for such filing by Rule 424.

(k) Approval for Listing. The Placement Shares shall either have been (i) approved for listing on the Exchange, subject only to notice of issuance, or (ii) the Company shall have filed an application for listing of the Placement Shares on the Exchange at, or prior to, the issuance of any Placement Notice.

(l) No Termination Event. There shall not have occurred any event that would permit Agent to terminate this Agreement pursuant to Section 11(a) .

9. Indemnification and Contribution

(a) Company Indemnification. The Company agrees to indemnify and hold harmless Agent, the directors, officers, partners, employees and Agents of Agent and each person, if any, who (i) controls Agent within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, or (ii) is controlled by or is under common control with Agent (a “Agent Affiliate”) from and against any and all losses, claims, liabilities, expenses and damages (including, but not limited to, any and all reasonable investigative expenses by any governmental agency or body, legal and other expenses incurred in connection with, and any and all amounts paid in settlement (in accordance with Section 9(c)) of, any action, suit or proceeding between any of the indemnified parties and any indemnifying parties or between any indemnified party and any third party, or otherwise, or any claim asserted), as and when incurred, to which Agent, or any such person, may become subject under the Securities Act, the Exchange Act or other federal or state statutory law or regulation, at common law or otherwise, insofar as such losses, claims, liabilities, expenses or damages arise out of or are based, directly or indirectly, on (x) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or the Prospectus or any amendment or supplement to the Registration Statement or the Prospectus or in any free writing prospectus or in any application or other document executed by or on behalf of the Company or based on information furnished by or on behalf of the Company filed in any jurisdiction in order to qualify the Shares under the securities laws thereof or filed with the Commission, or (y) the omission or alleged omission to state in any such Registration Statement or amendment or supplement thereto a material fact required to be stated in it or necessary to make the statements in it not misleading, or (z) the omission or alleged omission to state in any such Prospectus or amendment or supplement thereto a material fact required to be stated in it or necessary to make the statements in it, in the light of the circumstances under which they were made, not misleading; provided, however, that this indemnity agreement shall not apply to the extent that such loss, claim, liability, expense or damage arises from the sale of Shares under this Agreement and is caused directly or indirectly by an untrue statement or omission made in reliance upon and in conformity with written information relating to Agent and furnished to the Company by Agent expressly for inclusion in any document as described in clause (x) of this Section 9(a). This indemnity agreement will be in addition to any liability that the Company might otherwise have.

(b) Agent Indemnification. Agent agrees to indemnify and hold harmless the Company, its directors and each officer of the Company who signed the Registration Statement, and each person, if any, who (i) controls the Company or the within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act or (ii) is controlled by or is under common control with the Company or the (a “Company Affiliate”) against any and all loss, liability, claim, damage and expense described in the indemnity contained in Section 9(a), as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendments thereto) or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information relating to Agent and furnished to the Company by Agent expressly for inclusion in any document as described in clause (x) of Section 9(a). This indemnity agreement will be in addition to any liability that Agent might otherwise have.

(c) Procedure. Any party that proposes to assert the right to be indemnified under this Section 9 will, promptly after receipt of notice of commencement of any action against such party in respect of which a claim is to be made against an indemnifying party or parties under this Section 9, notify each such indemnifying party of the commencement of such action, enclosing a copy of all papers served, but the omission so to notify such indemnifying party will not relieve the indemnifying party from (i) any liability that it might have to any indemnified party otherwise than under this Section 9 and (ii) any liability that it may have to any indemnified party under the foregoing provision of this Section 9 unless, and only to the extent that, such omission results in the forfeiture of substantive rights or defenses by the indemnifying party. If any such action is brought against any indemnified party and it notifies the indemnifying party of its commencement, the indemnifying party will be entitled to participate in and, to the extent that it elects by delivering written notice to the indemnified party promptly after receiving notice of the commencement of the action from the indemnified party, jointly with any other indemnifying party similarly notified, to assume the defense of the action, with counsel reasonably satisfactory to the indemnified party, and after notice from the indemnifying party to the indemnified party of its election to assume the defense, the indemnifying party will not be liable to the indemnified party for any legal or other expenses except as provided below and except for the reasonable costs of investigation subsequently incurred by the indemnified party in connection with the defense. The indemnified party will have the right to employ its own counsel in any such action, but the fees, expenses and other charges of such counsel will be at the expense of such indemnified party unless (i) the employment of counsel by the indemnified party has been authorized in writing by the indemnifying party, (ii) the indemnified party has reasonably concluded (based on advice of counsel) that there may be legal defenses available to it or other indemnified parties that are different from or in addition to those available to the indemnifying party, (iii) a conflict or potential conflict exists (based on advice of counsel to the indemnified party) between the indemnified party and the indemnifying party (in which case the indemnifying party will not have the right to direct the defense of such action on behalf of the indemnified party) or (iv) the indemnifying party has not in fact employed counsel to assume the defense of such action within a reasonable time after receiving notice of the commencement of the action, in each of which cases the reasonable fees, disbursements and other charges of counsel will be at the expense of the indemnifying party or parties. It is understood that the indemnifying party or parties shall not, in connection with any proceeding or related proceedings in the same jurisdiction, be liable for the reasonable fees, disbursements and other charges of more than one separate firm admitted to practice in such jurisdiction at any one time for all such indemnified party or parties. All such fees, disbursements and other charges will be reimbursed by the indemnifying party promptly as they are incurred. An indemnifying party will not, in any event, be liable for any settlement of any action or claim effected without its written consent. No indemnifying party shall, without the prior written consent of each indemnified party, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action or proceeding relating to the matters contemplated by this Section 9 (whether or not any indemnified party is a party thereto), unless such settlement, compromise or consent includes an unconditional release of each indemnified party from all liability arising or that may arise out of such claim, action or proceeding.

(d) Contribution. In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in the foregoing paragraphs of this Section 9 is applicable in accordance with its terms but for any reason is held to be unavailable from the Company or Agent, the Company and Agent will contribute to the total losses, claims, liabilities, expenses and damages (including any investigative, legal and other expenses reasonably incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claim asserted, but after deducting any contribution received by the Company from persons other than Agent, if any), to which the Company and Agent may be subject in such proportion as shall be appropriate to reflect the relative benefits received by the Company, on the one hand, and Agent, on the other. The relative benefits received by the Company on the one hand and Agent on the other hand shall be deemed to be in the same proportion as the total net proceeds from the sale of the Placement Shares (before deducting expenses) received by the Company bear to the total compensation received by Agent from the sale of Placement Shares on behalf of the Company. If, but only if, the allocation provided by the foregoing sentence is not permitted by applicable law, the allocation of contribution shall be made in such proportion as is appropriate to reflect not only the relative benefits referred to in the foregoing sentence but also the relative fault of the Company, on the one hand, and Agent, on the other, with respect to the statements or omission that resulted in such loss, claim, liability, expense or damage, or action in respect thereof, as well as any other relevant equitable considerations with respect to such offering. Such relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company, on the one hand, or Agent, on the other, the intent of the parties and their relative knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and Agent agree that it would not be just and equitable if contributions pursuant to this Section 9(d) were to be determined by pro rata allocation or by any other method of allocation that does not take into account the equitable considerations referred to herein. The amount paid or payable by an indemnified party as a result of the loss, claim, liability, expense, or damage, or action in respect thereof, referred to above in this Section 9(d) shall be deemed to include, for the purpose of this Section 9(d), any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim to the extent consistent with Section 9(c) hereof. Notwithstanding the foregoing provisions of this Section 9(d), Agent shall not be required to contribute any amount in excess of the commissions received by it under this Agreement and no person found guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 9(d), any person who controls a party to this Agreement within the meaning of the Securities Act, and any officers, directors, partners, employees or Agents of Agent, will have the same rights to contribution as that party, and each director of the Company and each officer of the Company who signed the Registration Statement will have the same rights to contribution as the Company, subject in each case to the provisions hereof. Any party entitled to contribution, promptly after receipt of notice of commencement of any action against such party in respect of which a claim for contribution may be made under this Section 9(d), will notify any such party or parties from whom contribution may be sought, but the omission to so notify will not relieve that party or parties from whom contribution may be sought from any other obligation it or they may have under this Section 9(d) except to the extent that the failure to so notify such other party materially prejudiced the substantive rights or defenses of the party from whom contribution is sought. Except for a settlement entered into pursuant to the last sentence of Section 9(c) hereof, no party will be liable for contribution with respect to any action or claim settled without its written consent if such consent is required pursuant to Section 9(c) hereof.

10. Representations and Agreements to Survive Delivery. The indemnity and contribution agreements contained in Section 9 of this Agreement and all representations and warranties of the Company herein or in certificates delivered pursuant hereto shall survive, as of their respective dates, regardless of (i) any investigation made by or on behalf of Agent, any controlling persons, or the Company (or any of their respective officers, directors or controlling persons), (ii) delivery and acceptance of the Placement Shares and payment therefor or (iii) any termination of this Agreement.

11. Termination.

(a) Agent shall have the right by giving notice as hereinafter specified at any time to terminate this Agreement if (i) any Material Adverse Effect, or any development that could reasonably be expected to cause a Material Adverse Effect has occurred, that, in the reasonable judgment of Agent, may materially impair the ability of Agent to sell the Placement Shares hereunder; (ii) the Company shall have failed, refused or been unable to perform any agreement on its part to be performed hereunder; provided, however, in the case of any failure of the Company to deliver (or cause another person to deliver) any certification, opinion, or letter required under Sections 7(n), 7(o), or 7(p), Agent's right to terminate shall not arise unless such failure to deliver (or cause to be delivered) continues for more than thirty (30) days from the date such delivery was required; or (iii) any other material condition of Agent's obligations hereunder is not fulfilled; or (iv) any suspension or limitation of trading in the Placement Shares or in securities generally on the Exchange shall have occurred. Any such termination shall be without liability of any party to any other party except that the provisions of Section 7(h) (Expenses), Section 9 (Indemnification), Section 10 (Survival of Representations), Section 16 (Applicable Law; Consent to Jurisdiction) and Section 17 (Waiver of Jury Trial) hereof shall remain in full force and effect notwithstanding such termination.

(b) The Company shall have the right, by giving ten (10) days notice as hereinafter specified to terminate this Agreement in its sole discretion at any time after the date of this Agreement. Any such termination shall be without liability of any party to any other party except that the provisions of Section 7(h), Section 9, Section 10, Section 16 and Section 17 hereof shall remain in full force and effect notwithstanding such termination.

(c) Agent shall have the right, by giving ten (10) days notice as hereinafter specified to terminate this Agreement in its sole discretion at any time after the date of this Agreement. Any such termination shall be without liability of any party to any other party except that the provisions of Section 7(h), Section 9, Section 10, Section 16 and Section 17 hereof shall remain in full force and effect notwithstanding such termination.

(d) Unless earlier terminated pursuant to this Section 11, this Agreement shall automatically terminate upon the issuance and sale of all of the Placement Shares through Agent on the terms and subject to the conditions set forth herein; provided that the provisions of Section 7(h), Section 9, Section 10, Section 16 and Section 17 hereof shall remain in full force and effect notwithstanding such termination.

(e) This Agreement shall remain in full force and effect unless terminated pursuant to Sections 11(a), (b), (c), or (d) above or otherwise by mutual agreement of the parties; provided, however, that any such termination by mutual agreement shall in all cases be deemed to provide that Section 7(h), Section 9, Section 10, Section 16 and Section 17 shall remain in full force and effect.

(f) Any termination of this Agreement shall be effective on the date specified in such notice of termination; provided, however, that such termination shall not be effective until the close of business on the date of receipt of such notice by Agent or the Company, as the case may be. If such termination shall occur prior to the Settlement Date for any sale of Placement Shares, such Placement Shares shall settle in accordance with the provisions of this Agreement.

12. Notices. All notices or other communications required or permitted to be given by any party to any other party pursuant to the terms of this Agreement shall be in writing by, unless otherwise specified in this Agreement, and if sent to Agent, shall be delivered to Agent at WR Hambrecht + Co., 420 Lexington Avenue, Suite 1825, New York, NY 10170, fax no. (212) 313-5959, Attention: James Donohue, with copies to WR Hambrecht + Co, Pier 1, Bay 3, San Francisco, CA 94111, Attention: Jonathan Fayman; or if sent to the Company, shall be delivered to Lucas Energy, Inc, 6800 West Loop South, #415, Bellaire, TX 77401, Attention: Donald L. Sytsma, Chief Financial Officer, fax no. (713) 436-3298 with a copy to Katten Muchin Rosenman LLP, 575 Madison Avenue, Attention: David Pentlow, Esq., fax no. (212) 894-5912. Each party to this Agreement may change such address for notices by sending to the parties to this Agreement written notice of a new address for such purpose. Each such notice or other communication shall be deemed given (i) when delivered personally or by verifiable facsimile transmission (with an original to follow) on or before 4:30 p.m., New York City time, on a Business Day or, if such day is not a Business Day, on the next succeeding Business Day, (ii) on the next Business Day after timely delivery to a nationally-recognized overnight courier and (iii) on the Business Day actually received if deposited in the U.S. mail (certified or registered mail, return receipt requested, postage prepaid). For purposes of this Agreement, “Business Day” shall mean any day on which the Exchange and commercial banks in the City of New York are open for business.

13. **Successors and Assigns.** This Agreement shall inure to the benefit of and be binding upon the Company and Agent and their respective successors and the affiliates, controlling persons, officers and directors referred to in Section 9 hereof. References to any of the parties contained in this Agreement shall be deemed to include the successors and permitted assigns of such party. Nothing in this Agreement, express or implied, is intended to confer upon any party other than the parties hereto or their respective successors and permitted assigns any rights, remedies, obligations or liabilities under or by reason of this Agreement, except as expressly provided in this Agreement. Neither party may assign its rights or obligations under this Agreement without the prior written consent of the other party; provided, however, that Agent may assign its rights and obligations hereunder to an affiliate of Agent without obtaining the Company's consent.

14. **Adjustments for Stock Splits.** The parties acknowledge and agree that all stock-related numbers contained in this Agreement shall be adjusted to take into account any stock split, stock dividend or similar event effected with respect to the Shares.

15. **Entire Agreement; Amendment; Severability.** This Agreement (including all schedules and exhibits attached hereto and Placement Notices issued pursuant hereto) constitutes the entire agreement and supersedes all other prior and contemporaneous agreements and undertakings, both written and oral, among the parties hereto with regard to the subject matter hereof. Neither this Agreement nor any term hereof may be amended except pursuant to a written instrument executed by the Company and Agent. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable as written by a court of competent jurisdiction, then such provision shall be given full force and effect to the fullest possible extent that it is valid, legal and enforceable, and the remainder of the terms and provisions herein shall be construed as if such invalid, illegal or unenforceable term or provision was not contained herein, but only to the extent that giving effect to such provision and the remainder of the terms and provisions hereof shall be in accordance with the intent of the parties as reflected in this Agreement.

16. **Applicable Law; Consent to Jurisdiction.** This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of New York without regard to the principles of conflicts of laws. Each party hereby irrevocably submits to the non-exclusive jurisdiction of the state and federal courts sitting in the City of New York, borough of Manhattan, for the adjudication of any dispute hereunder or in connection with any transaction contemplated hereby, and hereby irrevocably waives, and agrees not to assert in any suit, action or proceeding, any claim that it is not personally subject to the jurisdiction of any such court, that such suit, action or proceeding is brought in an inconvenient forum or that the venue of such suit, action or proceeding is improper. Each party hereby irrevocably waives personal service of process and consents to process being served in any such suit, action or proceeding by mailing a copy thereof (certified or registered mail, return receipt requested) to such party at the address in effect for notices to it under this Agreement and agrees that such service shall constitute good and sufficient service of process and notice thereof. Nothing contained herein shall be deemed to limit in any way any right to serve process in any manner permitted by law.

17. **Waiver of Jury Trial.** The Company and Agent each hereby irrevocably waives any right it may have to a trial by jury in respect of any claim based upon or arising out of this Agreement or any transaction contemplated hereby.

18. **Absence of Fiduciary Relationship.** The Company acknowledges and agrees that:

(a) Agent has been retained solely to act as sales Agent in connection with the sale of the Shares and that no fiduciary, advisory or agency relationship between the Company and Agent has been created in respect of any of the transactions contemplated by this Agreement, irrespective of whether Agent has advised or is advising the Company on other matters;

(b) the Company is capable of evaluating and understanding and understands and accepts the terms, risks and conditions of the transactions contemplated by this Agreement;

(c) the Company has been advised that Agent and its affiliates are engaged in a broad range of transactions which may involve interests that differ from those of the Company and that Agent has no obligation to disclose such interests and transactions to the Company by virtue of any fiduciary, advisory or agency relationship; and

(d) the Company waives, to the fullest extent permitted by law, any claims it may have against Agent, for breach of fiduciary duty or alleged breach of fiduciary duty and agrees that Agent shall have no liability (whether direct or indirect) to the Company in respect of such a fiduciary claim or to any person asserting a fiduciary duty claim on behalf of or in right of the Company, including stockholders, employees or creditors of the Company.

19. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Delivery of an executed Agreement by one party to the other may be made by facsimile transmission.

20. Definitions. As used in this Agreement, the following terms have the respective meanings set forth below:

(a) “Applicable Time” means the time of each sale of any Shares or any securities pursuant to this Agreement.

(b) “GAAP” means United States generally accepted accounting principles.

(c) “Organizational Documents” means (a) in the case of a corporation, its charter and by-laws; (b) in the case of a limited or general partnership, its partnership certificate, certificate of formation or similar organizational document and its partnership agreement; (c) in the case of a limited liability company, its articles of organization, certificate of formation or similar organizational documents and its operating agreement, limited liability company agreement, membership agreement or other similar agreement; (d) in the case of a trust, its certificate of trust, certificate of formation or similar organizational document and its trust agreement or other similar agreement; and (e) in the case of any other entity, the organizational and governing documents of such entity.

If the foregoing correctly sets forth the understanding among the Company and Agent, please so indicate in the space provided below for that purpose, whereupon this letter shall constitute a binding agreement between the Company and Agent.

Very truly yours,

LUCAS ENERGY, INC.

By: /s/ Donald L. Sytsma

Name: Donald L. Sytsma

Title: Chief Financial Officer

ACCEPTED as of the
date first-above written:

W.R. + HAMBRECHT + CO., LLC.

By: /s/ Jonathan A. Fayman

Name: Jonathan A. Fayman

Title: Chief Financial Officer

SCHEDULE 1
FORM OF PLACEMENT NOTICE

From: Donald L. Sytsma
William A. Sawyer

Cc: David Pentlow, Esq.

To: Doug Atkin
Jonathan Fayman
Dennis Azary

Subject: At-the-Market Offering—Placement Notice

Gentlemen:

Pursuant to the terms and subject to the conditions contained in the Placement Agent Agreement among Lucas Energy, Inc. (the “Company”) and WR Hambrecht + Co., Inc. (“Agent”), dated [____], 2010 (the “Agreement”), I hereby request on behalf of the Company that Agent sell up to [__] shares of the Company’s common stock, par value \$0.001 per share, at a minimum market price of \$[____] per share during [insert applicable period].

SCHEDULE 2

W.R. + Hambrecht + Co., LLC.

Doug Atkin

Jonathan Fayman

Dennis Azary

Lucas Energy, Inc.

Donald L. Sytsma

William A. Sawyer

SCHEDULE 3

Compensation

Agent shall be paid compensation equal to five percent (7.5%) of the gross proceeds from the sales of Shares pursuant to the terms of this Agreement.

SCHEDULE 6(hh)

Referral agreement, dated as of March 22, between Century Pacific Securities, Inc., and Agent.

EXHIBIT 7(n)
OFFICER CERTIFICATE

The undersigned, the duly qualified and elected [____], of Lucas Energy, Inc. ("Company"), a Nevada corporation, does hereby certify in such capacity and on behalf of the Company, pursuant to Section 7(n) of the Placement Agent Agreement, dated [____], 2010 (the "Sales Agreement"), between the Company, and W. R. + Hambrecht + Co., LLC. that to the knowledge of the undersigned:

(i) The representations and warranties of the Company in Section 6 of the Sales Agreement (A) to the extent such representations and warranties are subject to qualifications and exceptions contained therein relating to materiality or Material Adverse Effect, are true and correct on and as of the date hereof with the same force and effect as if expressly made on and as of the date hereof, except for those representations and warranties that speak solely as of a specific date and which were true and correct as of such date, and (B) to the extent such representations and warranties are not subject to any qualifications or exceptions, are true and correct in all material respects as of the date hereof as if made on and as of the date hereof with the same force and effect as if expressly made on and as of the date hereof except for those representations and warranties that speak solely as of a specific date and which were true and correct as of such date; and

(ii) The Company has complied with all agreements and satisfied all conditions to be performed or satisfied on its part pursuant to the Sales Agreement at or prior to the date hereof.

Dated

By: _____
Name:
Title:

EXHIBIT 7(o)(1)

MATTERS TO BE COVERED BY INITIAL OPINION OF COMPANY COUNSEL

1. Based solely on confirmation from the Securities Exchange Commission (the “Commission”), the Registration Statement became effective under the Securities Act of 1933 (the “Securities Act”) as of January 13, 2010. Any required filing of the Prospectus pursuant to Rule 424(b) has been made in the manner and within the time period required by Rule 424(b). Based solely on confirmation from the Commission, to our knowledge, no order suspending the effectiveness of the Registration Statement has been issued and no proceeding for that purpose against the Company or in connection with the offering is pending or, to our knowledge, threatened by the Commission.
2. The Registration Statement, the Prospectus, excluding the documents incorporated by reference therein, and each amendment or supplement to the Registration Statement and Prospectus, excluding the documents incorporated by reference therein (other than the financial statements, related footnotes and schedules thereto and other financial and statistical information derived therefrom, as to which we express no opinion) complied as to form in all material respects with the requirements of the Securities Act as of their effective dates.
3. The execution, delivery and performance by the Company of the Placement Agent Agreement, the issuance and sale of the Shares being delivered and compliance by the Company with the terms of, and the consummation of the transactions contemplated by, the Placement Agent Agreement will not result in the violation of any New York State law, statute, rule, regulation, judgment, or, to our knowledge, order or regulation of any New York court or arbitrator or governmental or regulatory authority known by such counsel to be applicable except, for such violations that would not, individually or in the aggregate, have a Material Adverse Effect.
4. No consent, approval, authorization, order, registration or qualification of or with any federal or State of New York court or arbitrator or governmental or regulatory authority is required for the execution, delivery and performance by the Company of the Placement Agent Agreement, the issuance and sale of the Shares being delivered and compliance by the Company with the terms thereof and the consummation of the transactions contemplated by the Placement Agent Agreement, except for the filing by the Company of the Prospectus with the Commission and such consents, approvals, authorizations, orders and registrations or qualifications as may be required under applicable state securities or blue sky laws (as to which no opinion is expressed) in connection with the purchase and distribution of the Shares by the Agent.
5. To our knowledge, except as described in the Registration Statement and the Prospectus, there are no pending or threatened actions suits or proceedings before any New York State court or governmental agency, authority or body or arbitrator to which the Company is or may be a party or to which any property of the Company is or may be the subject which, individually or in the aggregate, if determined adversely to the Company, could reasonably be expected to have a Material Adverse Effect.

6. To our knowledge, the descriptions in the Registration Statement, the General Disclosure Package and the Prospectus under the headings “Summary”, “Risk Factors,” “Description of Capital Stock,” “Description of Warrants,” “Description of Units” and “Plan of Distribution” (other than relating to matters of tax law or Nevada law, with respect to which we express no opinion), to the extent that they constitute summaries of the terms of securities, matters of law or regulation or legal conclusions, fairly summarize the matters described therein in all material respects; and, to our knowledge, (A) there are no current or pending legal, governmental or regulatory actions, suits or proceedings that are required under the Securities Act to be described in the Registration Statement and that are not so described in the Registration Statement, the General Disclosure Package and the Prospectus and (B) there are no statutes, regulations or contracts and other documents that are required under the Securities Act to be filed as exhibits to the Registration Statement or described in the Registration Statement and that have not been so filed as exhibits to the Registration Statement or described in the Registration Statement, the General Disclosure Package and the Prospectus.

7. The Company is not and, after giving effect to the offering and sale of the Shares and the application of the proceeds thereof as described in the Registration Statement, the General Disclosure Package and the Prospectus, will not be required to register as an “investment company” or an entity “controlled” by an “investment company” within the meaning of the Investment Company Act of 1940, as amended.

8. To our knowledge, the documents incorporated by reference in the General Disclosure Package and the Prospectus or any further amendment or supplement thereto made by the Company prior to the date hereof (other than the financial statements, related footnotes and schedules thereto and other financial and statistical information derived therefrom, as to which we express no opinion), when they became effective or were filed with the Commission, as the case may be, complied as to form in all material respects with the requirements of the Securities Act or the Exchange Act, as applicable, and the rules and regulations of the Commission thereunder.

We confirm to you that we have participated in the preparation of the Registration Statement, the General Disclosure Package and the Prospectus and in conferences with officers and other representatives of the Company, representatives of the independent public accountants for the Company, representatives of the Agent and counsel for the Agent, at which the contents of the Registration Statement, General Disclosure Package and the Prospectus and related matters were discussed and, although we are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement, General Disclosure Package or the Prospectus on the basis of the foregoing, nothing has come to our attention that would lead us to believe that the Registration Statement, General Disclosure Package and the Prospectus (except for financial statements and notes thereto and supporting schedules and other financial data included therein, as to which no view is rendered), as of the date hereof, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

MATTERS TO BE COVERED BY INITIAL OPINION OF NEVADA COUNSEL

1. The Company is a corporation validly existing and in good standing under the laws of the State of Nevada.
2. The Shares to be issued and sold by the Company hereunder have been duly authorized, and when delivered to and paid for by the Agent in accordance with the terms of the Placement Agent Agreement, will be validly issued, fully paid and non-assessable.

GORDON H. DEPAOLI
 JOHN P. FOWLER
 JOHN F. MURTHA
 STEPHEN S. KENT
 NICHOLAS F. FREY
 W. CHRIS WICKER
 SHAWN B MEADOR
 R. BLAIN ANDRUS
 DON L. ROSS
 GREGG P. BARNARD
 DALE E. FERGUSON
 SHAWN G. PEARSON

WOODBURN AND WEDGE
 ATTORNEYS AND COUNSELORS AT LAW
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 FACSIMILE (775) 688-3088

DANE W. ANDERSON
 MICHAEL W. KEANE
 JOHN F. KEUSCHER
 SHARON M. PARKER
 JESSICA H. ANDERSON
 BRENOCH R. WIRTHLIN
 BENJAMIN R. JOHNSON
 JOSHUA M. WOODBURY

 WILLIAM K. WOODBURN (1910-1989)
 VIRGIL H. WEDGE (1912-2000)
 CASEY W. VLAUTIN (1938-2001)
 JAMES J. HALLEY (1937-2007)

March 26, 2010

Lucas Energy, Inc.
 6800 West Loop South, Suite 415
 Bellaire, Texas 77401

Re: Sale of shares pursuant to Registration Statement on form S-3 and Prospectus Supplement

Ladies and Gentlemen:

We have acted as counsel to Lucas Energy, Inc., a Nevada corporation (the "Company"), in connection with the Prospectus Supplement filed with the Securities and Exchange Commission pursuant to Rule 424b(5) on March 26, 2010 (the "Prospectus Supplement"), which registers the sale "off the shelf" of 4,000,000 shares (the "Shares") of the Company's common stock par value \$0.01 per share, pursuant to that certain Placement Agent Agreement (the "Agreement") dated March 26, 2010 between the Company and W.R. & Hambrecht & Co., LLC ("Agent"). Under the Agreement, upon written instructions of the Company, Agent will use its commercially reasonable efforts to sell the shares in privately negotiated transactions and/or any other method permitted by law, including sales deemed to be an "at the market" offering as defined in Rule 415 under the Securities Act, which includes sales made directly on the AMEX, the trading market for the Company's stock. Such shares are hereafter referred to as "Shares".

In connection with the opinions rendered in this letter, we have examined only the following documents:

- a. Copies of the following documents concerning the Company filed with the Nevada Secretary of State:
 - (i) Articles of Incorporation of Panorama Investments Corp. filed December 16, 2003;
 - (ii) Certificate of Amendment changing the Company's name to Lucas Energy, Inc. and splitting the Company's stock filed June 1, 2006;
 - (iii) Certificate of Change pursuant to NRS 78.209 filed January 17, 2008; and
 - (iv) Articles of Exchange filed December 11, 2009.
- b. The Bylaws of the Company as filed with Form 10SB12B Registration Statement filed with the SEC on May 20, 2005;

- c. Certificate of Existence With Status In Good Standing with respect to the Company issued by the Nevada Secretary of State on March 24, 2010;
- d. Unanimous Written Consent of the Board of Directors of the Company with respect to Prospectus Supplement, the Agreement and the Shares, creating the Pricing Committee and appointing William A. Sawyer the sole member of the Pricing Committee, dated March 24, 2010;
- e. The Prospectus Supplement;
- f. The Agreement;
- g. Unanimous written Consent of the Pricing Committee of the Board of Directors of the Company (the "Pricing Committee") dated March 24, 2010 relating to the issuance and sale of shares of the Company's common stock pursuant to the Agreement; and
- h. A Certificate of Donald L. Sytsma, Chief Financial Officer and Chief Accounting Officer of the Company dated March 24, 2010 (the "Certificate").

In our examination, we have assumed the legal capacity of all natural persons, the genuineness of all signatures, the authenticity of the originals of the documents submitted to us, the conformity to the authentic original of any documents submitted to us as copies, the authenticity of the originals of such latter documents and that the Prospectus Supplement and any amendments thereto (including all necessary post-effective amendments) will have become effective and comply with all applicable laws. We also have assumed that a definitive purchase, underwriting or similar agreement with respect to any offered securities will have been duly authorized, validly executed and delivered by the Company and the other parties thereto. In making our examination of executed documents and documents to be executed, we have assumed that the parties thereto have or will have the corporate or other power to enter into and perform all obligations thereunder, and have also assumed the due authorization by all requisite corporate or limited liability company or other action and the due execution and delivery by such parties of such documents. As to any facts material to the opinions expressed herein which were not independently established or verified by us, we have relied upon oral or written statements and representations in the Certificate.

Based upon the foregoing and subject to the qualifications and limitations set forth herein, we are of the opinion that:

- 1. The Company is a corporation validly existing and in good standing under the laws of the state of Nevada.
- 2. With respect to the Shares being registered under the Prospectus Supplement, when (i) the Pricing Committee has authorized the appropriate company officer to direct Agent to sell all or a portion of the Shares pursuant to the procedures set forth in the Agreement, and (ii) said Shares have been delivered by the Company upon purchase thereof and payment in full therefore as contemplated by the Agreement and the Prospectus Supplement, such Shares will be validly issued, fully paid and non-assessable.

The opinions expressed above are limited by and subject to the following qualifications:

(a) We express no opinion other than as to the federal laws of the United States of America and the state of Nevada.

(b) In rendering the opinions expressed herein, we have assumed that no action that has been taken by the Company in connection with the matters described or referred to herein will be modified, rescinded or withdrawn after the date hereof. We have also assumed that (i) the effectiveness of the Prospectus Supplement, and any amendments thereto (including post-effective amendments) have not been terminated or rescinded, (ii) all Shares sold will have been issued and sold in compliance with applicable United States federal and state securities laws, (iii) at the time of the issuance of the Shares (A) the Company validly exists and is duly qualified and in good standing under the laws of the State of Nevada, (B) the Company has the necessary corporate power and due authorization, and (C) the organizational or charter documents of the Company are in full force and effect and have not been amended, restated, supplemented or otherwise altered, and there has been no authorization of any such amendment, restatement, supplement or other alteration, since the date hereof.

(c) In rendering the opinions above, we have assumed that the necessary number of shares are authorized and available for issuance pursuant to the Company's Articles of Incorporation.

(d) This opinion letter is limited to the matters expressly stated herein, and no opinions may be inferred or implied beyond the matters expressly stated herein. The opinions expressed herein are rendered and speak only as of the date hereof and we specifically disclaim any responsibility to update such opinions subsequent to the date hereof or to advise you of subsequent developments affecting such opinions.

We hereby consent to the filing of this opinion with the Commission as an exhibit to the Prospectus Supplement. We also consent to the reference to our firm under the caption "Legal Matters" in the Prospectus Supplement. In giving this consent, we do not thereby admit that we are in the category of persons whose consent is required under Section 7 and Section 17 of the Securities Act or the Rules and Regulations of the Commission promulgated thereunder. This opinion is expressed as of the date hereof unless otherwise expressly stated and we disclaim any undertaking to advise you of any subsequent changes of the facts stated or assumed herein or any subsequent changes in applicable law.

Very truly yours,
WOODBURN AND WEDGE

By: /s/ John P. Fowler
John P. Fowler

JPF:sd