

8-K - 2016-02-16

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8-K

8-K 1 lei-8k_021616.htm CURRENT REPORT

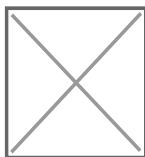
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

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): **February 16, 2016**



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

Nevada

(State or other jurisdiction of
incorporation)

001-32508

(Commission File Number)

20-2660243

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

450 Gears Road, Suite 780, Houston, Texas

(Address of principal executive offices)

77067

(Zip Code)

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

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

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

Item 2.02 Results of Operations and Financial Condition

On February 16, 2016, Lucas Energy, Inc. (the “Company”, “we” and “us”) issued a press release which included results of operations for its quarter ended December 31, 2015. A copy of the press release is furnished as Exhibit 99.1 hereto.

Item 7.01. Regulation FD Disclosure

The information set forth in Item 2.02 above is incorporated by reference in this Item 7.01 in its entirety.

The information responsive to Item 2.02 and Item 7.01 of this Form 8-K and Exhibit 99.1 attached hereto, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing. The furnishing of this Report is not intended to constitute a determination by the Company that the information is material or that the dissemination of the information is required by Regulation FD.

Item 8.01 Other Events.

Item 7.01 above is incorporated by reference in this Item 8.01.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
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99.1*	Press Release dated February 16, 2016
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* Furnished herewith.

Important Information

In connection with the proposed acquisition of the assets described in greater detail in the Company’s Current Report on Form 8-K filed with the Securities and Exchange Commission on December 31, 2015, the Company plans to file a registration statement and proxy statement with the Securities and Exchange Commission. This communication is not a substitute for any proxy statement, registration statement, proxy statement/prospectus or other document the Company may file with the SEC in connection with the proposed transaction. Prospective investors are urged to read the registration statement and the proxy statement, when filed as they will contain important information. Any definitive proxy statement(s) (if and when available) will be mailed to stockholders of Lucas Energy, Inc. Prospective investors may obtain free copies of the registration statement and the proxy statement, when filed, as well as other filings containing information about Lucas Energy, Inc., without charge, at the SEC’s website (www.sec.gov). Copies of Lucas Energy, Inc.’s SEC filings may also be obtained from Lucas Energy, Inc. without charge at Lucas Energy, Inc.’s website (www.lucasenergy.com) or by directing a request to Lucas Energy, Inc. at (713) 528-1881. This document does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

INVESTORS SHOULD READ THE REGISTRATION STATEMENT AND PROXY STATEMENT AND OTHER DOCUMENTS TO BE FILED WITH THE SEC CAREFULLY BEFORE MAKING A DECISION CONCERNING THE ACQUISITION.

Participants in Solicitation

Lucas Energy, Inc. and its directors and executive officers and other members of management and employees are potential participants in the solicitation of proxies in respect of the proposed acquisition. Information regarding Lucas Energy, Inc.'s directors and executive officers is available in Lucas Energy, Inc.'s Annual Report on Form 10-K for the year ended March 31, 2015 filed with the SEC on July 14, 2015 and Lucas Energy, Inc.'s definitive proxy statement on Schedule 14A, filed with the SEC on February 9, 2015. Additional information regarding the interests of such potential participants will be included in the registration statement and proxy statement to be filed with the SEC by Lucas Energy, Inc. in connection with the proposed acquisition and in other relevant documents filed by Lucas Energy, Inc. with the SEC. These documents can be obtained free of charge from the sources indicated above. Additional information regarding the participants in the proxy solicitations and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the proxy statement and other relevant materials to be filed with the SEC when they become available.

Forward Looking Statements

Certain statements in this communication regarding the proposed acquisition are "forward-looking" statements. The words "anticipate," "believe," "ensure," "expect," "if," "intend," "estimate," "probable," "project," "forecasts," "predict," "outlook," "aim," "will," "could," "should," "would," "potential," "may," "might," "anticipate," "likely," "plan," "positioned," "strategy," and similar expressions, and the negative thereof, are intended to identify forward-looking statements. These forward-looking statements, which are subject to risks, uncertainties and assumptions about Lucas Energy, Inc. and the assets, may include projections of their respective future financial performance, their respective anticipated growth strategies and anticipated trends. These statements are only predictions based on current expectations and projections about future events. There are important factors that could cause actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements, including the risk factors set forth in Lucas Energy, Inc.'s most recent reports on Form 10-K, Form 10-Q and other documents on file with the SEC and the factors given below:

- failure to obtain the approval of stockholders of Lucas Energy, Inc. in connection with the proposed transaction;
- the dilution associated with the shares issuable upon closing the acquisition;
- risks associated with the debt to be assumed at closing;
- the failure to consummate or delay in consummating the proposed transaction for other reasons;
- the timing to consummate the proposed transaction;
- the risk that a condition to closing of the proposed transaction may not be satisfied;
- the risk that a regulatory approval that may be required for the proposed transaction is delayed, is not obtained, or is obtained subject to conditions that are not anticipated;
- Lucas Energy, Inc.'s ability to achieve the synergies and value creation contemplated by the proposed transaction;
- the ability of Lucas Energy, Inc. to effectively integrate the assets acquired; and
- the diversion of management time on transaction-related issues.

Lucas Energy, Inc.'s forward-looking statements are based on assumptions that Lucas Energy, Inc. believes to be reasonable but that may not prove to be accurate. Lucas Energy, Inc. cannot guarantee future results, levels of activity, performance or achievements. Lucas Energy, Inc. assumes no obligation to update or revise any forward-looking statements as a result of new information, future events or otherwise, except as may be required by law.

Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof.

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/ Anthony C. Schnur

Name: Anthony C. Schnur

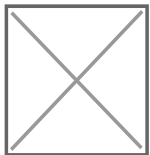
Title: Chief Executive Officer

Date: February 16, 2016

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
99.1*	Press Release dated February 16, 2016

* Furnished herewith.



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

**LUCAS ENERGY ANNOUNCES FISCAL 2016
THIRD QUARTER FINANCIAL RESULTS**

Continued Progress toward Completing Hunton Properties Acquisition

HOUSTON, TEXAS – February 16, 2016-- Lucas Energy, Inc. (NYSE MKT: LEI) (“Lucas” or the “Company”), an independent oil and gas company with its primary operations in Texas, today announced its financial results for its fiscal 2016 third quarter, the three months ended December 31, 2015, and the filing of its Quarterly Report on Form 10-Q.

“The fiscal 2016 third quarter was a transformational one for our Company,” said Anthony C. Schnur, Lucas’s Chief Executive Officer. “Our pending transaction with Segundo Resources to acquire the working interests in the Hunton formation in Oklahoma is a significant step in growing our reserves and production in a more economic, conventional resource play. Following the closing of this transaction, we intend to drill six initial wells and have identified 50 drilling locations in the Hunton assets we are acquiring. As previously mentioned, we will also be changing our company name to Camber Energy, Inc. when the transaction is completed.

“We have also been successful in enhancing our liquidity by amending our line of credit with Silver Star Oil Company (“Silver Star”), followed by the subsequent sale of an additional \$200,000 of convertible notes under the line of credit. We are currently discussing potential financing transactions that would fulfill our near-term capital requirements as well as our planned asset acquisition, which we believe, if finalized and completed, will ensure the future viability of the Company. While the current commodity price environment continues to be challenging to our operations, it may also create opportunities to expand our footprint through attractive acquisitions, funding permitting.”

OTHER EVENTS DURING AND SUBSEQUENT TO THE QUARTER

In mid-December 2015, we amended our existing senior loan which required us to transfer all of our oil and gas interests and equipment to a newly formed wholly-owned Texas subsidiary. As a result of the amendment, the loan is no longer recourse to Lucas, only the subsidiary, in the event of a default under the loan, and Lucas (the parent company) was released from any future collateral obligations.

On December 30, 2015, Lucas signed a purchase agreement to acquire, from 21 different entities and individuals, working interests in producing properties and undeveloped acreage. The assets agreed to be acquired include varied interests in two largely contiguous acreage blocks in the liquids-rich Mid-Continent region. In exchange for the assets being acquired, Lucas agreed to assume \$31,350,000 in commercial bank debt, issue 552,000 shares of a newly designated form of convertible preferred stock, issue 13,009,664 shares of common stock, and pay \$4,975,000 in cash. At the closing of the transaction, which is subject to various closing conditions, Lucas will rebrand and change its name to Camber Energy, Inc. Lucas currently anticipates the closing of the acquisition to occur during the first quarter of fiscal 2017 and will require additional funding of approximately \$1.35 million in legal expenses, investment banking fees and other transaction costs in order to complete the acquisition, in addition to the closing cash requirement described above.

On February 1, 2016, Lucas entered into a first amendment to the Non-Revolving Line of Credit Agreement with Silver Star, which added a 9.99% ownership blocker to the Convertible Promissory Notes and prevents the holder of the notes from converting the notes into common stock if upon such conversion the holder would beneficially own more than 9.99% of Lucas's outstanding common stock, subject to the ability of any holder to modify such limitation with 61 days prior written notice. Lucas also received notice on February 2, 2016, that \$300,000 of the convertible notes were assigned by Silver Star to Rockwell Capital Partners.

On February 10, 2016, Lucas sold a convertible note in the aggregate principal amount of \$200,000 to Silver Star pursuant to the terms of the line of credit. The convertible note is due and payable on October 1, 2016, accrues interest at the rate of 6% per annum (15% upon the occurrence of an event of default), and gives the holder the right to convert the principal and interest into Lucas common stock at \$1.50 per share. The total number of shares of common stock issuable upon conversion of the notes cannot exceed 19.9% of Lucas's common stock that was outstanding on August 30, 2015, the date that the line of credit was agreed to. Any conversion above such 19.9% limit is subject to shareholder approval and all conversions are subject to additional listing of the shares issuable upon conversion under NYSE MKT rules and regulations, which we have not sought or obtained to date.

Please refer to previous press releases and the Company's fiscal 2016 third quarter Quarterly Report on Form 10-Q filed today and the Form 8-Ks filed on December 31, 2015 and February 12, 2016, with the Securities Exchange Commission, for more detail on the Purchase Agreement, the amended Non-Revolving Line of Credit Agreement, and the Convertible Notes.

FISCAL 2016 THIRD QUARTER RESULTS

For the three months ending December 31, 2015, Lucas reported a fiscal third quarter net loss of \$1.0 million, or (\$0.70) per common share, which was a 22% improvement over the \$1.3 million net loss, or (\$0.94) per common share, for the same three month period last year. This improvement reflected a decrease in total operating expenses of approximately \$0.5 million and a decrease of \$0.3 million in interest expense, partially offset by a decline of approximately \$0.5 million in sales revenues for the current period compared to the prior year's period. The loss per share in both quarters has been adjusted for a 1-for-25 reverse stock split which was effected on July 15, 2015.

Total revenues from crude oil and natural gas sales for the quarter ended December 31, 2015 decreased by 73% to \$0.2 million compared to \$0.7 million for the same period a year ago and fell 37% sequentially from the fiscal second quarter. The year-over-year decline was primarily impacted by a 48% drop in realized crude oil prices to \$37.01 per barrel from \$70.63 per barrel in the same period last year, resulting in an unfavorable crude oil price variance of \$0.3 million coupled with an unfavorable crude oil volume variance of approximately \$0.2 million. Production volumes averaged 54 net barrels of oil equivalent (BOE) per day during the three months ended September 30, 2015 compared to 105 net BOE per day during the three months ended December 31, 2015. The production decline can be attributed to workover drilling and lateral programs with higher front-end production in last year's fiscal second quarter coupled with production declines primarily related to interference from offset activity in the current period.

Lease operating expenses of \$0.2 million for the quarter ended December 31, 2015 decreased by \$0.2 million or 46% from \$0.4 million for the same period a year ago, including a 38% reduction in workover expense. General and administrative (G&A) expenses decreased by approximately 10% for the quarter ended December 31, 2015 as compared to the prior year's third quarter as the Company continues to improve the efficiencies of daily operating activities. The fiscal 2015 fourth quarter G&A expenses also included a one-time charge of \$0.2 million primarily related to transaction costs related to the entry into the purchase agreement with Segundo Resources as described above. There was a 27% decrease in share-based compensation compared to the prior year's third quarter.

Depreciation, depletion, amortization and accretion expenses for the quarter ended December 31, 2015 decreased \$0.2 million, or by 47%, to \$0.2 million from the same period a year ago. The decrease was primarily due to the decline in production volumes and the higher front-end production rates attributable to interference from offset operators.

LIQUIDITY AND GOING CONCERN CONSIDERATIONS

At December 31, 2015, the Company's total current liabilities of \$11.0 million exceeded its total current assets of \$0.6 million, resulting in a working capital deficit of \$10.4 million, an increase of \$0.7 million in the working capital deficit from March 31, 2015, which increase was primarily related to cash used from our new convertible notes with Silver Star Oil Company ("Silver Star") of \$0.6 million, net, and \$0.2 million of additional payables incurred related to the recent purchase agreement, offset by a \$0.1 million decrease in amounts owed under our senior loan.

SELECTED FINANCIAL DATA**Fiscal Third Quarter Ending:****(\$ in thousands)**

	Three months ended	
	December 31, 2015	December 31, 2014
Operating Revenues	\$ 184	\$ 683
Operating Expenses		
Lease Operating Expenses	182	335
G&A	676	748
Other Operating Expenses	232	470
Total Operating Expense	1,090	1,553
Interest Expense & Other	(117)	(436)
Income (loss) before Income Taxes	(1,023)	(1,306)
Income tax expense	—	—
Net Loss	<u>\$ (1,023)</u>	<u>\$ (1,306)</u>

About Lucas Energy, Inc.

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

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

Safe Harbor Statement and Disclaimer

This news release contains “forward looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward looking statements give our current expectations, opinion, belief or forecasts of future events and performance. A statement identified by the use of forward looking words including “may,” “expects,” “projects,” “anticipates,” “plans,” “believes,” “estimate,” “should,” and certain of the other foregoing statements may be deemed forward-looking statements. Although Lucas believes that the expectations reflected in such forward-looking statements are reasonable, these statements involve risks and uncertainties that may cause actual future activities and results to be materially different from those suggested or described in this news release. These risks and uncertainties include, but are not limited to: the occurrence of any event, change or other circumstances that could give rise to the termination of the asset purchase agreement; and the inability to complete the transaction due to the failure to satisfy any of the conditions to complete the transaction. These also include risks inherent in natural gas and oil drilling and production activities, including risks of fire, explosion, blowouts, pipe failure, casing collapse, unusual or unexpected formation pressures, environmental hazards, and other operating and production risks, which may temporarily or permanently reduce production or cause initial production or test results to not be indicative of future well performance or delay the timing of sales or completion of drilling operations; delays in receipt of drilling permits; risks with respect to natural gas and oil prices, a material decline which could cause Lucas to delay or suspend planned drilling operations or reduce production levels; risks relating to the availability of capital to fund drilling operations that can be adversely affected by adverse drilling results, production declines and declines in natural gas and oil prices; risks relating to unexpected adverse developments in the status of properties; risks relating to the absence or delay in receipt of government approvals or fourth party consents; and other risks described in Lucas’s Annual Report on Form 10-K, Quarterly Reports on Form 10-Q and other filings with the SEC, available at the SEC’s website at www.sec.gov. Investors are cautioned that any forward-looking statements are not guarantees of future performance and actual results or developments may differ materially from those projected. The forward-looking statements in this press release are made as of the date hereof. The Company takes no obligation to update or correct its own forward-looking statements, except as required by law, or those prepared by third parties that are not paid for by the Company. The Company’s SEC filings are available at <http://www.sec.gov>.

Important Information

In connection with the planned acquisition described above, Lucas currently intends to file a registration statement and a proxy statement with the Securities and Exchange Commission (the “SEC”). This communication is not a substitute for any proxy statement, registration statement, proxy statement/prospectus or other document Lucas may file with the SEC in connection with the proposed transaction. Prospective investors are urged to read the registration statement and the proxy statement, when filed as they will contain important information. Any definitive proxy statement(s) (if and when available) will be mailed to stockholders of Lucas. Prospective investors may obtain free copies of the registration statement and the proxy statement, when filed, as well as other filings containing information about Lucas, without charge, at the SEC’s website (www.sec.gov). Copies of Lucas’s SEC filings may also be obtained from Lucas without charge at Lucas’s website (www.lucasenergy.com) or by directing a request to Lucas at (713) 528-1881. This document does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

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