10-Q - 2014-08-14
Form: 10-Q
Filing date: 2014-08-14
Accession: 0001580695-14-000449

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

FORM 10-Q

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

For the quarterly period ended June 30, 2014

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

Commission File Number: 001-32508

LUCAS ENERGY, INC.

(Exact name of registrant as specified in its charter)

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

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

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

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

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

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

Large accelerated filer o Accelerated filer o Non-accelerated filer o Smaller reporting company x

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

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

Title of each class	**Number of Shares**
Common Stock, par value $0.001 per share	33,426,684 (as of August 8, 2014)

LUCAS ENERGY, INC.

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PART 1. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

LUCAS ENERGY, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	June 30, 2014	March 31, 2014
	(Unaudited)	
ASSETS		
Current Assets		
Cash	$ 707,394	$ 522,155
Accounts Receivable	610,645	609,097
Inventories	112,677	112,677
Other Current Assets	282,858	342,787
Total Current Assets	1,713,574	1,586,716
Property and Equipment		
Oil and Gas Properties (Full Cost Method)	49,856,692	49,554,069
Other Property and Equipment	421,924	444,924
Total Property and Equipment	50,278,616	49,998,993
Accumulated Depletion, Depreciation and Amortization	(11,534,848)	(11,190,505)
Total Property and Equipment, Net	38,743,768	38,808,488
Other Assets	350,425	343,273
Total Assets	$ 40,807,767	$ 40,738,477
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts Payable	$ 1,938,712	$ 2,554,977
Common Stock Payable	25,110	11,250
Accrued Expenses	230,581	286,629
Current Portion of Long-Term Notes Payable	2,718,850	1,793,367
Total Current Liabilities	4,913,253	4,646,223
Asset Retirement Obligation	1,001,447	978,430
Long-Term Notes Payable, net of current portion	4,520,656	5,430,144
Commitments and Contingencies (see Note 10)		
Stockholders' Equity		
Preferred Stock Series A, 2,000 Shares Authorized of $0.001 Par, 2,000 Shares Issued and Outstanding	3,095,600	3,095,600
Common Stock, 100,000,000 Shares Authorized of $0.001 Par, 33,436,515 Shares Issued and 33,399,615 Outstanding Shares at June 30, 2014 and 30,018,081 Issued and 29,981,181 Outstanding Shares at March 31, 2014, respectively	33,437	30,018
Additional Paid in Capital	54,935,175	52,995,987
Accumulated Deficit	(27,642,642)	(26,388,766)
Common Stock Held in Treasury, 36,900 Shares, at Cost	(49,159)	(49,159)
Total Stockholders' Equity	30,372,411	29,683,680
Total Liabilities and Stockholders' Equity	$ 40,807,767	$ 40,738,477

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

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

	Three Months Ended June 30,	
	2014	**2013**
Operating Revenues		
Crude Oil	$ 941,920	$ 1,482,438
Natural Gas	-	-
Total Revenues	**$ 941,920**	**$ 1,482,438**
Operating Expenses		
Lease Operating Expenses	453,267	465,738
Severance and Property Taxes	73,495	80,666
Depreciation, Depletion, Amortization, and Accretion	390,386	600,677
General and Administrative	860,452	1,097,632
Total Expenses	1,777,600	2,244,713
Operating Loss	**$ (835,680)**	**$ (762,275)**
Other Expense (Income)		
Interest Expense	381,705	198,262
Other Expense (Income), Net	36,489	(15,793)
Total Other Expenses	418,194	182,469
Net Loss	**$ (1,253,874)**	**$ (944,744)**
Net Loss Per Share		
Basic and Diluted	$ (0.04)	$ (0.04)
Weighted Average Shares Outstanding		
Basic and Diluted	32,627,707	26,765,675

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

LUCAS ENERGY, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
Unaudited

	Three Months Ended June 30,	
	2014	**2013**
Cash Flows from Operating Activities		
Net Loss	$ (1,253,874)	$ (944,744)
Adjustments to reconcile net losses to net cash used in operating activities:		
Depreciation, Depletion, Amortization and Accretion	390,386	600,677
Share-Based Compensation	65,799	126,305
Amortization of Discount on Notes	15,996	71,297
Amortization of Deferred Financing Costs	72,719	27,809
Settlement of Debt	(10,057)	(44,287)
Gain on Sale of Property and Equipment	(1,722)	-
Changes in Components of Working Capital and Other Assets		
Accounts Receivable	(1,548)	103,364
Inventories	-	(51,321)
Other Current Assets	59,929	82,929
Accounts Payable and Accrued Expenses	(116,282)	(163,311)
Advances from Working Interest Owners	-	(1,384,085)
Net Cash Used in Operating Activities	**(778,654)**	**(1,575,367)**
Investing Cash Flows		
Additions of Oil and Gas Properties	(853,576)	(983,797)
Additions of Other Property and Equipment	-	(6,508)
Proceeds from Sale of Other Property and Equipment	3,000	32,500
Net Cash Used in Investing Activities	**(850,576)**	**(957,805)**
Financing Cash Flows		
Net Proceeds from the Sale of Common Stock	1,847,090	-
Proceeds from Issuance of Notes Payable	-	3,250,000
Deferred Financing Costs	(32,621)	(70,000)
Repayment of Borrowings	-	(750,000)
Net Cash Provided by Financing Activities	**1,814,469**	**2,430,000**
Increase (Decrease) in Cash	185,239	(103,172)
Cash at Beginning of the Period	522,155	450,691
Cash at End of the Period	**$ 707,394**	**$ 347,519**

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

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

NOTE 1 - GENERAL

History of the Company. Incorporated in Nevada in December 2003 under the name Panorama Investments Corp., the Company changed its name to Lucas Energy, Inc. effective June 9, 2006.

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

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

NOTE 2 – LIQUIDITY

At June 30, 2014, the Company's Total Current Liabilities of $4.9 million exceeded its Total Current Assets of $1.7 million, resulting in a working capital deficit of $3.2 million. At March 31, 2014, the Company's total current liabilities of $4.6 million exceeded its total current assets of $1.6 million, resulting in a working capital deficit of $3.0 million. The $0.2 million increase in the working capital deficit is primarily related to approximately $1.0 million of the long-term portion of the Company's Note Payable becoming current, offset by an approximately $0.7 reduction in payables, due to the payment of expenses with funds raised through the sale of equity and the amended loan agreement described below.

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

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

The Company believes the value of its undeveloped acreage provides a continued ability to access the capital markets in both equity and debt, which provides a sufficient means to conduct its current operations, meet its contractual obligations and undertake a forward outlook on future development of its current fields.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 4 – PROPERTY AND EQUIPMENT

Oil and Gas Properties

Lucas uses the full cost method of accounting for oil and gas producing activities. Costs to acquire mineral interests in oil and gas properties, to drill and equip exploratory wells used to find proved reserves, and to drill and equip development wells including directly related overhead costs and related asset retirement costs are capitalized. Properties not subject to amortization consist of acquisition, exploration and development costs, which are evaluated on a property-by-property basis. Amortization of these unproved property costs begins when the properties become proved or their values become impaired and the corresponding costs are added to the capitalized costs subject to amortization. Costs of oil and gas properties are amortized using the units of production method. Amortization expense calculated per equivalent physical unit of production amounted to $36.34 per barrel of oil equivalent ("BOE") for the three months ended June 30, 2014, and was $35.87 per BOE for the three months ended June 30, 2013.

In applying the full cost method, Lucas performs an impairment test (ceiling test) at each reporting date, whereby the carrying value of property and equipment is compared to the "estimated present value," of its proved reserves discounted at a 10-percent interest rate of future net revenues, based on current economic and operating conditions at the end of the period, plus the cost of properties not being amortized, plus the lower of cost or fair market value of unproved properties included in costs being amortized, less the income tax effects related to book and tax basis differences of the properties. The price used in the ceiling test is the simple average first of the month price for the prior 12 months. If capitalized costs exceed this limit, the excess is charged as an impairment expense. As of June 30, 2014, no impairment of oil and gas properties was indicated.

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

	June 30, 2014	March 31, 2014
Proved leasehold costs	$ 11,627,175	$ 11,354,136
Costs of wells and development	37,476,602	37,447,018
Capitalized asset retirement costs	752,915	752,915
Total oil and gas properties	49,856,692	49,554,069
Accumulated depreciation and depletion	(11,331,264)	(10,991,064)
Net capitalized costs	$ 38,525,428	$ 38,563,005

NOTE 5 – ASSET RETIREMENT OBLIGATIONS

The following table presents the reconciliation of the beginning and ending aggregate carrying amounts of long-term legal obligations associated with the retirement of oil and gas property and equipment for the three-month period ended June 30, 2014. Lucas does not have short-term asset retirement obligations as of June 30, 2014.

Carrying amount at beginning of period - March 31, 2014	$ 978,430
Liabilities settled	(1,304)
Accretion	24,321
Carrying amount at end of period - June 30, 2014	$ 1,001,447

NOTE 6 – NOTE PAYABLE

Effective on August 13, 2013, Lucas entered into a Letter Loan Agreement with Louise H. Rogers (the "Letter Loan"). In connection with the Letter Loan and a Promissory Note entered into in connection therewith, Ms. Rogers loaned the Company $7.5 million (the "Loan"). The Loan accrues interest at the rate of 12% per annum (18% upon the occurrence of an event of default), can be prepaid by Lucas at any time without penalty after November 13, 2013 and is due and payable on August 13, 2015, provided that $75,000 in interest only payments were due on the Loan during the first six months of the term (which were escrowed by Lucas) and beginning on March 13, 2014, Lucas was required to make monthly amortization principal payments equivalent to the sum of fifty-percent of the Loan during months seven through twenty-four of the term (which requirement has since been modified by the amendment described below). An escrow deposit of $450,000 for the first six months interest was recorded as restricted cash within the balance sheet, with no balance outstanding on the balance sheet as of June 30, 2014. Lucas is also required to make mandatory prepayments of the loan in the event the collateral securing the Loan does not meet certain thresholds and coverage ratios. The repayment of the Loan is secured by a security interest in substantially all of Lucas's assets which was evidenced by a Security Agreement and a Mortgage, Deed of Trust, Assignment, Security Agreement, Financing Statement and Fixture Filing. Lucas agreed to pay a $15,000 quarterly administrative fee in connection with the Loan and grant the administrator a warrant to purchase up to 279,851 shares of Lucas's common stock at an exercise price of $1.35 per share and a term continuing until the earlier of (a) August 13, 2018; and (b) three years after the payment in full of the Loan. On August 16, 2013, a portion of the funds raised in connection with the Loan were used to repay $3.25 million in outstanding notes issued in April and May 2013. The Company also capitalized approximately $480,000 in deferred financing costs in relation to expenses incurred in the execution of the Letter Loan.

The Company recorded the fair value of warrants issued in connection with the Note Payable as a discount on the Note and amortizes the discount through non-cash interest expense using the effective interest method over the term of the debt. The fair value of the 279,851 Letter Loan warrants was recorded as a $127,963 debt discount, of which, $58,652 has been amortized as of June 30, 2014.

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

The Amended Note still has an August 31, 2015 maturity date, the current portion of the Note Payable is $2,718,850 and the long-term portion is $4,520,656 (net of the remaining $69,311 Note discount) as of June 30, 2014.

The Company capitalized approximately $80,000 in additional deferred financing costs in relation to expenses incurred in connection with the execution of the Amended Letter Loan. Together with the initial Letter Loan and the Amended Letter Loan, the Company has paid $808,217 in cash interest and amortized approximately $224,600 in deferred financing cost as of June 30, 2014.

NOTE 7 – STOCKHOLDERS' EQUITY

Preferred Stock

As of June 30, 2014, Lucas had 2,000 shares of Series A Convertible Preferred Stock issued and outstanding. Each share of the Series A Convertible Preferred Stock is convertible into 1,000 shares of the Company's common stock and has no liquidation preference and no maturity date. Additionally, the conversion rate of the Series A Convertible Preferred Stock adjusts automatically in connection with and in proportion to any dividends payable by the Company in common stock.

Common Stock

The following summarizes Lucas's common stock activity during the three-month period ended June 30, 2014:

		Common Shares			
		Issued			
	Amount (a)	Per Share	Shares	Treasury	Outstanding
Balance at March 31, 2014			30,018,081	(36,900)	29,981,181
Registered Direct Unit Offering	$ 1,847,090	$ 0.55	3,333,332	-	3,333,332
Restricted Stock Consideration	47,250	0.63	75,000	-	75,000
Share-Based Compensation	7,577	0.75	10,102	-	10,102
Balance at June 30, 2014			33,436,515	(36,900)	33,399,615

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

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

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

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

Warrants

During the three months ended June 30, 2014, no warrants were exercised or cancelled. As discussed above, the Company granted 1,666,666 warrants with an exercise price of $1.00 per share and a term of five years in connection with the sale of units in the Company's unit offering in April 2014. The warrants are indexed to the Company's stock and are treated as an equity instrument since the exercise price and shares are known and fixed at the date of issuance, and no other clause in the agreement requires the warrants to be treated as a liability.

The following is a summary of the Company's outstanding warrants at June 30, 2014:

Warrants Outstanding		Exercise Price ($)	Expiration Date	Intrinsic Value at June 30, 2014
2,510,506	(1)	2.86	July 4, 2016	$ -
1,032,500	(2)	2.30	October 18, 2017	-
275,000	(3)	1.50	April 4, 2018	-
50,000	(4)	1.50	May 31, 2018	-
279,851	(5)	1.35	August 13, 2018	-
1,666,666	(6)	1.00	April 21, 2019	-
5,814,523				$ -

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

NOTE 8 – INCOME TAXES

The Company has estimated that its effective tax rate for U.S. purposes will be zero for the 2015 fiscal year and consequently, recorded no provision or benefit for income taxes for the three months ended June 30, 2014.

NOTE 9 – SHARE-BASED COMPENSATION

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

Common Stock

Lucas issued 10,102 shares of its common stock with an aggregate grant date fair value of $7,577 during the three-month period ended June 30, 2014, which were valued based on the trading value of Lucas's common stock on the date of grant. The shares were awarded according to the employment agreements with certain officers and other managerial personnel.

Stock Options

Of the Company's outstanding options, no options expired, were exercised, or forfeited during the three months ended June 30, 2014.

The following table sets forth stock option activity for the three-month periods ended June 30, 2014 and 2013:

	Three Months Ended June 30, 2014		Three Months Ended June 30, 2013	
	Number of Stock Options	Weighted Average Grant Price	Number of Stock Options	Weighted Average Grant Price
Outstanding at March 31	914,468	$ 1.39	819,668	$ 1.55
Granted	-	-	125,000	1.33
Expired/Cancelled	-	-	(100,800)	1.63
Outstanding at June 30	914,468	$ 1.39	843,868	$ 1.51

No stock options were granted, expired or cancelled during the quarter ended June 30, 2014. Compensation expense related to stock options during the three-month period ended June 30, 2014 and June 30, 2013 was $40,689 and $107,298, respectively.

Options outstanding and exercisable at June 30, 2014 and June 30, 2013 had no intrinsic value, respectively. The intrinsic value is based upon the difference between the market price of Lucas's common stock on the date of exercise and the grant price of the stock options.

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

Exercise Price ($)	Remaining Life (Yrs.)	Options Outstanding	Options Exercisable
1.15	0.5	216,668	216,668
1.28	1.0	50,000	45,834
2.07	1.3	72,000	72,000
0.98	2.5	225,000	100,000
1.63	3.3	100,800	25,200
1.74	3.3	150,000	100,000
1.61	3.5	50,000	-
1.58	3.6	50,000	-
	Total	914,468	559,702

As of June 30, 2014, total unrecognized stock-based compensation expense related to all non-vested stock options was $190,260, which is being recognized over a weighted average period of approximately 2.0 years.

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

In addition to the 2014 Incentive Plan noted above, in prior periods, the shareholders of the Company approved the Company's 2012 and 2010 Stock Incentive Plans (together with the 2014 Incentive Plan, "the Plans"). The Plans are intended to secure for the Company the benefits arising from ownership of the Company's common stock by the employees, officers, directors and consultants of the Company, all of whom are and will be responsible for the Company's future growth. The Plans provide an opportunity for any employee, officer, director or consultant of the Company to receive incentive stock options (to eligible employees only), nonqualified stock options, restricted stock, stock awards and shares in performance of services. There were 1,509,897 shares available for issuance under the Plans as of June 30, 2014.

NOTE 10 – COMMITMENTS AND CONTINGENCIES

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

On May 12, 2014, the Company entered into a Settlement Agreement with Patsy Crockett, As Guardian of the Person and Estate of Edna Elsie Gatlin, an incapacitated person, on a lawsuit regarding a dispute over the validity of a 300 acre lease in Gonzales County, Texas. Per the Settlement Agreement, Lucas acquired a new one year lease on the property with a one year renewal option and paid $800 per acre for the aforementioned lease for a total payment of $235,784. All filed claims from either party were then dismissed with prejudice.

NOTE 11 – POSTRETIREMENT BENEFITS

Lucas maintains a matched defined contribution savings plan for its employees. During the three-month periods ended June 30, 2014 and 2013, Lucas's total costs recognized for the savings plan were $12,324 and $5,178, respectively.

NOTE 12 – SUPPLEMENTAL CASH FLOW INFORMATION

Net cash paid for interest and income taxes was as follows for the three-month periods ended June 30, 2014 and 2013:

	Three Months Ended June 30,	
	2014	2013
Interest	$ 284,058	$ 99,157
Income taxes	-	-

Non-cash investing and financing activities for the three-month periods ended June 30, 2014 and 2013 included the following:

	Three Months Ended June 30,	
	2014	2013
Accrued capital expenditures included in accounts payable and accrued liabilities	675,820	-
Discount on Note Payable	-	164,501
Issuance of Restricted Stock for Amended Loan	47,250	-

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

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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

These forward-looking statements are subject to risks and uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from the results, performance or achievements expressed or implied by the forward-looking statements. You should not unduly rely on these statements. Factors, risks, and uncertainties that could cause actual results to differ materially from those in the forward-looking statements which include, among others:

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

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

- the possibility that our acquisitions may involve unexpected costs;
- the volatility in commodity prices for oil and gas;
- the accuracy of internally estimated proved reserves;
- the presence or recoverability of estimated oil and gas reserves;
- the ability to replace oil and gas reserves;
- the availability and costs of drilling rigs and other oilfield services;

- environmental risks; exploration and development risks;
- competition;
- the inability to realize expected value from acquisitions;
- the ability of our management team to execute its plans to meet its goals; and
- other economic, competitive, governmental, legislative, regulatory, geopolitical and technological factors that may negatively impact our businesses, operations and pricing.

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

Overview

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

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

The Company believes that in order to establish a sustained program of asset development, and specifically, begin to develop its Eagle Ford reserves, it must complete its strategic direction of creating greater mass through a corporate combination, acquisition or sustained externally funded drilling program.

The goal and planned end result of our near-term activity will be to create a company with a sturdy platform capable of delivering on the long expected conversion of reserves to enhance shareholder value, and hope to set that strategic direction in motion in the second half of calendar year 2014.

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

At June 30, 2014, the Company had leasehold interests (working interests) in approximately 14,164 gross acres, or 13,230 net acres, which is the Company's total net developed and undeveloped acreage as measured from the surface to the base of the Austin Chalk formation. In deeper formations, the Company has approximately 4,223 net acres in the Eagle Ford oil window and 909 net acres in the Eaglebine, Buda and Glen Rose oil bearing formations.

At the end of June 2014, Lucas was producing approximately 126 net barrels of oil equivalent per day (BOEPD) from 36 active well bores, of which 18 wells accounted for more than 85% of our production. The ratio between the gross and net production varies due to varied working interests and net revenue interests in each well. An affiliate of Marathon Oil Corporation operates two Eagle Ford horizontal wells in our Gonzales leases, of which we have a 15% working interest on each well. Our production sales totaled 9,361 barrels of oil equivalent, net to our interest, for the quarter ended June 30, 2014.

At March 31, 2014, Lucas Energy's total estimated net proved reserves were 5.6 million barrels of oil equivalent (BOE), of which 5.0 million barrels (BBLs) were crude oil reserves, and 3.3 billion cubic feet (BCF) were natural gas reserves. As of June 30, 2014, Lucas employed 11 full-time employees. We also utilized over six contractors on an "as-needed" basis to carry out various functions of the Company, including but not limited to field operations, land administration, corporate activity and information technology maintenance.

Industry Segments

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

Operations and Oil and Gas Properties

We operate in known productive areas in order to decrease geological risk. Our holdings are located in an increased area of current industry activity in Gonzales, Wilson, Karnes, Atascosa, Leon and Madison counties in Texas. We concentrate on three vertically adjoining formations in Gonzales, Wilson and Karnes counties: the Austin Chalk, Eagle Ford and Buda formations, listed in the order of increasing depth measuring from land surface. The recent development of the Eagle Ford as a high potential producing zone has heightened industry interest and success. Lucas Energy’s acreage position is in the oil window of the Eagle Ford trend and has amassed over 12,000 gross acres in the Gonzales and Wilson County, Texas area.

Austin Chalk

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

Eagle Ford

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

Buda

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

Eaglebine

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

Our Strengths

We believe our strengths will help us successfully execute our business strategies:

We benefit from the increasing value, attention and activity in the Eagle Ford. We benefit from the increasing number of wells drilled and the corresponding data available from public and governmental sources surrounding our acreage. This activity and data has defined the geographic extent of the Austin Chalk, Eagle Ford, and Buda formations, which we believe will assist us in evaluating future leasehold acquisitions and development operations. In addition, leading operators have developed drilling and completion technologies that have significantly reduced production risk and decreased per unit drilling and completion costs.

Our size, industry knowledge, and contacts allow us to pursue a broader range of acquisition opportunities. Our size provides us with the opportunity to acquire smaller acreage blocks that may be less attractive to larger operators in the area. We believe that our acquisition of these smaller blocks will have a meaningful impact on our overall acreage position.

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

RESULTS OF OPERATIONS

The following discussion and analysis of the results of operations for the three-month periods ended June 30, 2014 and 2013 should be read in conjunction with the condensed consolidated financial statements of Lucas Energy and notes thereto included in this Quarterly Report on Form 10-Q. As used below, the abbreviations "Bbls" stands for barrels, "NGL" stands for natural gas liquids, "Mcf" for thousand cubic feet and "Boe" for barrels of oil equivalent on the basis of six Mcf per barrel. The majority of the numbers presented below are rounded numbers and should be considered as approximate.

Three Months Ended June 30, 2014 vs. Three Months Ended June 30, 2013

We reported a net loss for the three months ended June 30, 2014 of $1.2 million, or $0.04 per share. For the same period a year ago, we reported a net loss of $0.9 million, or $0.04 per share. As discussed in more detail below, our net loss increased by $0.3 million primarily due to a decrease in sales revenue of approximately $0.5 million offset by a decrease of approximately $0.4 million in operating expenses and an increase in interest expense of approximately $0.2 million.

The following table sets forth the operating results and production data for the three-month periods ended June 30, 2014 and 2013.

	Three Months Ended June 30,			
	2014	2013	Increase (Decrease)	% Increase (Decrease)
Sale Volumes:				
Crude Oil (Bbls)	9,361	14,788	(5,427)	(37%)
Natural Gas (Mcf)	-	-	-	-
Total (Boe)	9,361	14,788	(5,427)	(37%)
Crude Oil (Bbls per day)	103	163	(60)	(37%)
Natural Gas (Mcf per day)	-	-	-	-
Total (Boe per day)	103	163	(60)	(37%)
Average Sale Price:				
Crude Oil ($/Bbl)	$ 100.62	$ 100.25	$ 0.37	0.4%
Natural Gas ($/Mcf)	$ -	$ -	$ -	-
Net Operating Revenues:				
Crude Oil	$ 941,920	$ 1,482,438	$ (540,518)	(36%)
Natural Gas & NGL	-	-	-	-
Total Revenues	$ 941,920	$ 1,482,438	$ (540,518)	(36%)

Oil and Gas Revenues

Total crude oil and natural gas revenues for the three months ended June 30, 2014 decreased approximately $0.5 million, or 36%, to $0.9 million from $1.4 million for the same period a year ago due primarily to an unfavorable crude oil volume variance of 0.5 million. There was also a minimal favorable price variance which had no significant impact on the difference in revenues. The production decline is primarily related to two of the Company's top producing wells being shut down for approximately 15 days during the current reporting period resulting in approximately $0.3 million less in production sales when compared to the prior period. Additional decreases of approximately $0.2 million can be attributed to drilling and lateral programs with higher front-end production in the prior reporting period when compared to the current period.

Operating and Other Expenses

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

	Three Months Ended June,		Increase	%Increase
	2014	2013	(Decrease)	(Decrease)
Direct lease operating expense	$ 259,154	$ 286,538	$ (27,384)	(10%)
Workovers expense	163,323	144,017	19,306	13%
Other	30,790	35,183	(4,393)	(12%)
Total Lease Operating Expenses	$ 453,267	$ 465,738	$ (12,471)	(3%)
Severance and Property Taxes	73,495	80,666	(7,171)	(9%)
Depreciation, Depletion, Amortization and Accretion	390,386	600,677	(210,291)	(35%)
General and Administrative (G&A)	$ 794,653	$ 971,327	$ (176,674)	(18%)
Share-Based Compensation	65,799	126,305	(60,506)	(48%)
Total G&A Expense	$ 860,452	$ 1,097,632	$ (237,180)	(22%)
Interest Expense	381,705	198,262	183,443	93%
Other Expense (Income), Net	36,489	(15,793)	52,282	(331%)

Lease Operating Expenses

There was a nominal increase in workovers expense which was offset by a nominal decrease in direct lease operating expense when comparing the current reporting period to the prior reporting period. In total, the overall lease operating expenses decreased slightly (3%) for the current period as compared to the prior period. Over the past year, the Company has maintained a concerted effort to keep lease operating expenses at lower levels by improving operating efficiencies and cost reductions.

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

DD&A decreased for the current quarter as compared to the prior year period by approximately $0.2 million primarily related to a decrease in production of 5,427 Boe compared to the previous period. As noted above, the production decrease was primarily due to two of the Company's top producing wells being shut down early in the reporting period and drilling and lateral programs with higher front-end production when compared to the prior period.

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

G&A expenses decreased by approximately $0.2 million for the current quarter as compared to the prior year's period primarily due to the Company's overall focus in improving the efficiency of the daily operating activities within the Company by performing functions related to these expenses internally as opposed to engaging outside support and the restructuring of employee responsibilities and duties within the Company.

Share-Based compensation also decreased by approximately 48% due to a decrease in employee based stock option and compensation costs.

Interest Expense

Interest expense for the three months ended June 30, 2014 consisted of cash interest payments, amortization of discounts and deferred financing costs of approximately $0.4 million made in relation to the Letter Loan issued in August 2013 and amended in April 2014 (see "Note 6. Notes Payable", to the financial statements included in Part I, Item 1 of this report). When compared to the same period a year ago, which primarily related to incurred interest expenses of approximately $0.2 million on notes issued in April 2013 and May 2013, there is an approximate increase of $0.2 million. As of June 30, 2014, the notes issued in April 2013 and May 2013 are no longer outstanding.

Other Expense (Income), Net

Other Expense (Income) for the three months ended June 30, 2014, primarily consisted of $49,000 in financing fees offset by $10,000 in discounts from accounts payable settlements compared to $30,000 in financing fees offset by $44,000 in discounts from accounts payable settlements in the prior year period.

LIQUIDITY AND CAPITAL RESOURCES

The primary sources of cash for Lucas during the three months ended June 30, 2014 were funds generated from sales of crude oil, borrowings and funds raised through the sale of common stock. The primary uses of cash were funds used in operations and repayment of other borrowings.

Working Capital

At June 30, 2014, the Company's Total Current Liabilities of $4.9 million exceeded its Total Current Assets of $1.7 million, resulting in a working capital deficit of $3.2 million. At March 31, 2014, the Company's total current liabilities of $4.6 million exceeded its total current assets of $1.6 million, resulting in a working capital deficit of $3.0 million. The $0.2 million increase in the working capital deficit is primarily related to approximately $1.0 million of the long-term portion of the Company's Note Payable becoming current, offset by an approximately $0.7 million reduction in payables, due to the payment of expenses with funds raised through the sale of equity and the amended loan agreement noted below.

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

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

The Company believes the value of its undeveloped acreage provides a continued ability to access the capital markets in both equity and debt, which provides a sufficient means to conduct its current operations, meet its contractual obligations and undertake a forward outlook on future development of its current fields.

Cash Flows

	Three Months Ended June 30,	
	2014	**2013**
Cash flows used in operating activities	(778,654)	(1,575,367)
Cash flows used in investing activities	(850,576)	(957,805)
Cash flows provided by financing activities	1,814,469	2,430,000
Net increase (decrease) in cash	**185,239**	**(103,172)**

Net cash used in operating activities was approximately $0.8 million for the three months ended June 30, 2014 as compared to $1.6 million for the same period a year ago. The decrease in net cash used in operating activities of $0.8 million was due primarily to paying down of all the approximately $1.3 million in outstanding advances to working interest owners via a legal settlement in the prior year compared to a $0.5 million net loss increase in the current period.

Net cash used in investing activities, which was comprised primarily of additions to oil and gas properties, was approximately $0.9 million for both the quarters ended June 30, 2014 and 2013, and mainly represented additions of oil and gas properties in each period.

Net cash provided by financing activities was approximately $1.8 million for the quarter ended June 30, 2014 as compared to net cash provided by financing activities of $2.4 million for the same period a year ago. The decrease in net cash provided by financing activities was primarily related to approximately $1.8 million of net proceeds associated with the issuance of common stock in the current period compared to approximately $3.2 million of proceeds from the sale of debt less $0.8 million in repayments of borrowing in the prior period.

Financing

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

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

Lucas plans to continue to focus a substantial portion of its capital expenditures in various known prolific and productive geological formations, including the Austin Chalk, Eagle Ford and Buda formations, primarily in Gonzales, Wilson, and Karnes counties south of the city of San Antonio, Texas and in the Eaglebine, Buda, and Glen Rose formations in Madison and Leon counties north of the city of Houston, Texas. Lucas expects capital expenditures to be greater than cash flow from operating activities for the remainder of the 2015 fiscal year and into fiscal 2016. To cover the anticipated shortfall, our business plan includes establishing a reserve-based line of credit, initiating bank or private borrowings, and/or issuing equity or debt offerings similar to the above; provided that the Company is also actively reviewing a number of opportunities for strategic partnership, acquisitions and mergers with a focus on development of reserves, increasing revenue and improving shareholder value as discussed above.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

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

ITEM 4. CONTROLS AND PROCEDURES.

Disclosure Controls and Procedures.

Disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 (the Exchange Act)) are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and that such information is accumulated and communicated to management, including the Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial officer), to allow timely decisions regarding required disclosures. The Company's management, including the Chief Executive Officer and Principal Financial Officer (our principal executive officer and principal financial officer), evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, the Company's Chief Executive Officer and Principal Financial Officer (our principal executive officer and principal financial officer) concluded that the Company's disclosure controls and procedures were effective as of June 30, 2014.

Changes in Internal Control Over Financial Reporting

There have not been any changes in our internal control over financial reporting during the three months ended June 30, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

Lucas is periodically named in legal actions arising from normal business activities. Lucas evaluates the merits of these actions and, if it determines that an unfavorable outcome is probable and can be reasonably estimated, Lucas will establish the necessary reserves. Described below is information regarding one proceeding which did not arise from Lucas's normal business activities and which Lucas believes is material to the Company and which has been settled.

On May 12, 2014, the Company entered into a Settlement Agreement with Patsy Crockett, As Guardian of the Person and Estate of Edna Elsie Gatlin, an incapacitated person, on a lawsuit regarding a dispute over the validity of a 300 acre lease in Gonzales County, Texas. Per the Settlement Agreement, Lucas acquired a new one year lease on the property with a one year renewal option and paid $800 per acre for the aforementioned lease for a total payment of $235,784. All filed claims from either party were then dismissed with prejudice.

ITEM 1A. RISK FACTORS.

There have been no material changes from the risk factors previously disclosed in the Company's Annual Report on Form 10-K for the year ended March 31, 2014 (the "2014 Annual Report"), as filed with the SEC on June 27, 2014, except as set forth below. The information in such risk factors, in addition to the other information set forth in this quarterly report, could materially affect our business, financial condition or results of operations. Additional risks and uncertainties not currently known to us or that we deem to be immaterial could also materially adversely affect our business, financial condition or results of operations.

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

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

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

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

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

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

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

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

In connection with our entry into the Amended Letter Loan Agreement as described in Part I, Item 1, "Note 6 – Notes Payable" of this Form 10-Q, we agreed to issue the administrator of the loan 75,000 shares of our restricted common stock.

We claim an exemption from registration pursuant to Section 4(2) and Rule 506 of the Securities Act of 1933, as amended for the issuance, since the foregoing issuance did not involve a public offering, the recipient took the securities for investment and not resale, the Company took appropriate measures to restrict transfer, and the recipient was an "accredited" investor.

Use of Proceeds from Sale of Registered Securities

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

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

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

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

Issuer Purchases of Equity Securities

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not Applicable.

ITEM 5. OTHER INFORMATION.

On August 12, 2014, the NYSE MKT (the "Exchange") which accepted the Company's plan of compliance dated March 28, 2014, and granted the Company until April 14, 2014, which date was subsequently extended until July 31, 2014, to regain compliance under its plan of compliance with Section 1003(a)(iv) of the Exchange's Company Guide (which continued listing standards the Company's is not currently in compliance with), extended the date the Company is required to regain compliance by to October 31, 2014. Based on information provided by the Company, the Exchange has determined that, in accordance with Section 1009 of the Company Guide, the Company has made a reasonable demonstration of its ability to regain compliance by the end of the extended period. Therefore, at this time, the Exchange is prepared to continue the listing of the Company subject to certain conditions. The Company will be subject to periodic review by Exchange Staff during the extension period. Failure to make progress consistent with the plan or to regain compliance with the continued listing standards by the end of the extension period could result in the Company being delisted from the NYSE MKT. By October 31, 2014, the Company must be in compliance with the Exchange's continued listing standards.

ITEM 6. EXHIBITS.

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

SIGNATURES

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

LUCAS ENERGY, INC.
(Registrant)

/s/ Anthony C. Schnur
Anthony C. Schnur
Chief Executive Officer and Acting Chief Financial Officer
(Principal Executive Officer and Principal Financial Officer)
Date: August 14, 2014

EXHIBIT INDEX

	Description
4.1	Common Stock Purchase Warrant – Ironman Energy Master Fund (583,333 warrants)(April 21, 2014) (Incorporated by reference as Exhibit 4.1 to the Company's Form 8-K dated April 21, 2014, filed with the SEC on April 22, 2014)(File No. 001-32508)
4.2	Common Stock Purchase Warrant – Ironman PI Fund II (QP), LP (250,000 warrants)(April 21, 2014) (Incorporated by reference as Exhibit 4.2 to the Company's Form 8-K dated April 21, 2014, filed with the SEC on April 22, 2014)(File No. 001-32508)
4.3	Common Stock Purchase Warrant – John B. Helmers (833,333 warrants)(April 21, 2014) (Incorporated by reference as Exhibit 4.3 to the Company's Form 8-K dated April 21, 2014, filed with the SEC on April 22, 2014)(File No. 001-32508)
10.1	Letter Loan Agreement (Louise H. Rogers)(August 13, 2013) (Filed as Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2013, filed with the Commission on August 14, 2013, and incorporated herein by reference)(File No. 001-32508)
10.2	Amended Letter Loan Agreement (Louise H. Rogers)(April 29, 2014) (Filed as Exhibit 10.1 to our Current Report on Form 8-K, dated April 29, 2014, and filed with the Commission on May 1, 2014 and incorporated herein by reference)(File No. 001-32508)
10.3	Promissory Note ($7.5 million)(Louise H. Rogers)(August 13, 2013) (Filed as Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2013, filed with the Commission on August 14, 2013, and incorporated herein by reference)(File No. 001-32508)
10.4	Amended and Restated Promissory Note ($7,308,817.32)(Louise H. Rogers)(April 29, 2014) (Filed as Exhibit 10.2 to our Current Report on Form 8-K, dated April 29, 2014, and filed with the Commission on May 1, 2014 and incorporated herein by reference)(File No. 001-32508)
10.5	Security Agreement (Louise H. Rogers)(August 13, 2013) (Filed as Exhibit 10.3 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2013, filed with the Commission on August 14, 2013, and incorporated herein by reference)(File No. 001-32508)
10.6	Mortgage, Deed of Trust, Assignment, Security Agreement, Financing Statement, and Fixture Filing (Louise H. Rogers)(August 13, 2013) (Filed as Exhibit 10.4 to the Company's Quarterly Report on Form 10-Q for the period ended June 30, 2013, filed with the Commission on August 14, 2013, and incorporated herein by reference)(File No. 001-32508)
10.7	Meson Capital Partners LP Subscription Agreement (July 17, 2013) (Filed as Exhibit 10.6 to the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2013, filed with the Commission on November 14, 2013, and incorporated herein by reference)(File No. 001-32508)
10.8	Securities Purchase Agreement by and between the Company and each investor dated as of April 15, 2014 (Incorporated by reference as Exhibit 10.1 to the Company's Form 8-K dated April 16, 2014, filed with the SEC on April 16, 2014)(File No. 001-32508)
10.9	Registration Rights Agreement by and between the Company and the investors dated as of April 15, 2014 (Incorporated by reference as Exhibit 10.2 to the Company's Form 8-K dated April 16, 2014, filed with the SEC on April 16, 2014)(File No. 001-32508)
31.1*	Section 302 Certification of Periodic Report of Principal Executive Officer and Principal Financial Officer.
32.1**	Section 906 Certification of Periodic Report of Principal Executive Officer and Principal Financial Officer.
***101.INS	XBRL Instance Document.

***101.SCH	XBRL Schema Document.
***101.CAL	XBRL Calculation Linkbase Document.
***101.LAB	XBRL Label Linkbase Document.
***101.PRE	XBRL Presentation Linkbase Document.

* Exhibits filed herewith.

** Exhibits furnished herewith.

*** Attached as Exhibit 101 to this report are the following documents formatted in XBRL (Extensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets – June 30, 2014 and March 31, 2014, (ii) the Condensed Consolidated Statements of Operations - Three Months Ended June 30, 2014 and 2013, (iii) the Condensed Consolidated Statements of Cash Flows - Three Months Ended June 30, 2014 and 2013; and (iv) Notes to Condensed Consolidated Financial Statements. Users of this data are advised pursuant to Rule 406T of Regulation S-T that this interactive data file is deemed not filed or part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

Exhibit 31.1

CERTIFICATION

I, Anthony C. Schnur, certify that:

1. I have reviewed this quarterly report on Form 10-Q for the three months ended June 30, 2014, of Lucas Energy, Inc.;

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

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

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

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

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

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

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

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

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

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

Date: August 14, 2014

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

Exhibit 32.1

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

In connection with the Quarterly Report of Lucas Energy, Inc. on Form 10-Q for the three months ended June 30, 2014, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Anthony C. Schnur, Chief Executive Officer and Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge and belief: (1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and (2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

August 14, 2014

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

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