

# Lucas Energy Inc

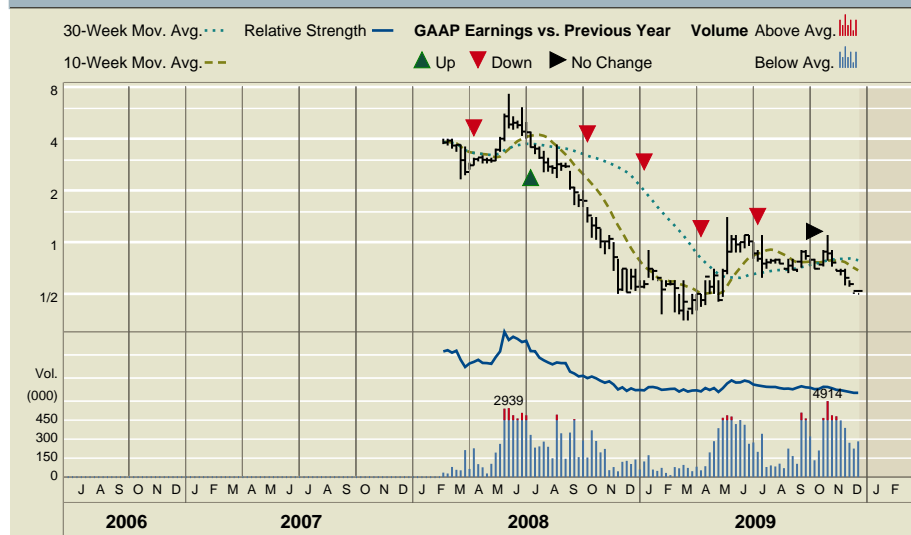
**GICS Sector** Energy  
**Sub-Industry** Oil & Gas Exploration & Production

**Summary** This independent oil and gas company operates primarily in the Gonzales County area of South Texas.

**Key Stock Statistics** (Source S&P, company reports, Vickers)

Price as of Dec 11, 2009	<b>\$0.52</b>	Dividend Rate/Share	<b>Nil</b>	\$10K Invested 5 Yrs Ago	<b>NA</b>	Total Shares Outstg. (M)	<b>11.0</b>
52-Wk Range	<b>\$1.45-0.35</b>	Trailing 12-Month P/E	<b>NM</b>	Beta	<b>NA</b>	Market Capitalization(B)	<b>\$0.006</b>
Trailing 12-Month EPS	<b>\$-0.36</b>	Tangible Book Val/Share	<b>\$1.66</b>	Yield (%)	<b>Nil</b>	Institutional Ownership (%)	<b>1</b>

**Price Performance**



**Quantitative Evaluations**

<b>S&amp;P Quality Ranking</b>	<b>NR</b>
D C B- B B+ A- A A+	
<b>S&amp;P Fair Value Rank</b>	<b>NR</b>
1 2 3 4 5	LOWEST HIGHEST
<b>Fair Value Calculation</b>	<b>NA</b>
<b>Volatility</b>	<b>High</b>
LOW AVERAGE HIGH	
<b>Technical Evaluation</b>	<b>NA</b>
<b>Relative Strength Rank</b>	<b>NA</b>

S&P Financial Writer **Mark Schwiebert**

**Operational Review** December 09, 2009

**Income Statement Analysis & Financial Review**

Revenues for the six months ended September 30, 2009 were \$0.9 million vs. \$2.3 million in the prior year, declining 63% year over year. Total expenses were \$1.4 million, as opposed to \$1.6 million in 2008, decreasing 13%. Operating loss was \$0.6 million, vs. operating income of \$0.7 million for last year. Pre-tax loss was \$0.8 million, vs. pre-tax income last year of \$1.3 million. For the first two quarters of the fiscal year, net loss was \$0.8 million (\$0.08 a share), vs. net income of \$0.9 million (\$0.08 a share) in 2008.

In the second quarter, revenues were \$0.4 million vs. \$1 million in the prior year, falling 59% year to year. Total expenses were \$0.6 million, as opposed to \$0.9 million for the same period in 2008, falling 39%. Operating loss for the quarter was \$0.14 million, vs. operating income of \$0.09 million in the prior-year period. The company reported a pre-tax loss of \$0.49 million, and also a loss for the quarter last year of \$0.8 million. Net loss was \$0.49 million (\$0.05 a share), vs. a loss of \$0.52 million (\$0.05 a share) in the second quarter of 2008.

**Key Operating Information**

The decrease in oil and gas revenues during the three months ended September 30, 2009 was primarily attributable to a decline of \$54.62 per barrel

(46%) in the price realized for oil sales and a 1,849 barrel (22%) decrease in oil production sold along with a decline of \$5.01 per mcf (67%) in the price realized for natural gas sales and a 1,145 decrease in natural gas production sold compared to the second quarter last year. The decrease in oil volumes is due to having several wells down for workovers during the period.

Results include realized & unrealized securities losses of \$0.24 million & \$0.05 million for the three & six months of 2009 compared with a loss of \$0.88 million & a gain of \$0.64 for the comparable periods of 2008.

**Recent Developments**

For the three months ended September 30, 2009, adjusted EBITDA (a Non-GAAP measure) was \$0.006 million compared with a negative \$0.25 million for the three months ended June 30, 2009. The company also had positive cash flow from operations during the current quarter. LEI said increased production and higher oil prices combined with controlled lease operating expenses are expected to produce improved third quarter results.

**Revenue/Earnings Data**

<b>Revenue (Million \$)</b>	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>	<b>4Q</b>	<b>Year</b>
2010	0.44	0.41	--	--	--
2009	1.32	1.00	0.66	0.40	3.38
2008	0.50	0.43	0.81	1.33	3.08
2007	0.14	0.44	0.40	0.39	1.33
2006	0.01	0.09	0.10	0.10	0.30
2005	--	--	--	--	--

<b>Earnings Per Share (\$)</b>	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>	<b>4Q</b>	<b>Year</b>
2010	-0.03	-0.05	--	--	--
2009	0.14	-0.05	-0.20	-0.09	-0.21
2008	Nil	Nil	0.01	-0.01	Nil
2007	Nil	0.02	0.01	0.02	0.05
2006	Nil	Nil	0.01	Nil	0.01
2005	--	--	--	--	--

Fiscal year ended Mar. 31. Next earnings report expected: Mid February

**Dividend Data**

**No Dividend Data Available**

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**Lucas Energy Inc****Business Summary** December 09, 2009

Lucas Energy, Inc. (LEI) is an independent oil and gas company based in Houston, Texas with approximately 15,000 gross (12,000 net) acres of oil and gas leases in South Texas, primarily in the Gonzales County, Texas area. The company's strategy is to acquire underperforming oil and gas properties in which Lucas believes it can restore, revitalize or increase production.

Lucas identifies, evaluates and acquires oil and gas property interests, primarily in the Austin Chalk formation of South Texas, that are underperforming or have been shut-in or plugged and abandoned. These properties are revitalized by undertaking extensive re-entry and work-over procedures, including clean-up, repairs and treatments of the existing well bores and lateral extensions, as well as extending or drilling new laterals into previously non-producing areas of the formation.

As of November 2009, Lucas operated 32 producing wells that produce in the aggregate approximately 80 to 135 barrels of oil per day, gross. It controlled another 16 shut-in or plugged wellbores. As of September 30, 2009, the company owned 100% working interests in all but seven of its operated wells.

The company's average daily production, net to its interest, from its oil and gas properties totaled approximately 72 barrels of oil equivalent (boe) per day for the three months ended September 30, 2009. During that same period, oil production was 6,382 barrels and natural gas production was approximately 1.29 million cubic feet, for a total of 6,596 boe. Production totaled 42,560 boe in FY 09 (Mar.).

As of March 31, 2009, proved oil reserves totaled 2,238,860 barrels, which included 218,200 barrels of developed producing reserves, 11,900 barrels of developed non-producing reserves and 2,008,760 barrels of proved undeveloped reserves. Lucas also had 67.5 million cubic feet of developed producing gas reserves.

Acquisitions of shut-in wells, plugged and abandoned wells or wells with marginal production are core to the company's growth strategy, in that Lucas targets wells that it believes have a high probability of additional recovery of reserves through the company's revitalization process or through the drilling of new horizontal laterals. Lucas actively seeks out opportunities to acquire wells located in mature oil fields that it believes are underdeveloped or have potential to recover significant oil reserves that are still in place. Most of the acquisition prospects that Lucas conducts initial screening on are sourced directly by the company's senior management or specialized third-party consultants with local area knowledge.

By utilizing tight field and operating management controls, together with having a comprehensive understanding of the production characteristics of the Austin Chalk formation, the company believes that it can increase reserves, improve production and maximize cash flow while avoiding most of the high risks of typical exploration projects.

On June 17, 2009, Lucas began implementation of its summer 2009 workover program, targeting wells which could increase then-current monthly production by 20%-30% in the near term.

On July 28, 2009, Lucas announced the commencement of its LEI 2009-II capital program which is being conducted through a joint venture with two partners. One partner is a foreign entity that bought into and acquired an 80% working interest (before payout) in six existing wellbores that were shut-in or plugged and abandoned as of August 2009, and which has committed to fund its 80% share of the drilling and completion capital expenditures required to re-enter the six wells and restore production. The other partner acquired a 10% working interest in the six wells. Lucas retained a 10% working interest in the wells prior to payout, and a 20% working interest in the wells after payout. The company will operate the six wells that comprise the joint venture. On August 4, 2009, Lucas commenced work on the first well, the Mills Oil No. 1.

On Sept. 22, 2009, Lucas announced the execution of a letter of intent to acquire approximately 2,700 acres of mineral leases in Wilson County, Texas. The mineral leases include acreage with shut-in or abandoned wells in the Austin Chalk and Eagleford Shale trends.

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**Officers****Chrmn**

F.J. Hofheinz

**Pres, CEO & COO**

W.A. Sawyer

**CFO, Chief Acctg Officer, Treas & Secy**

D.L. Sytsma

**Board Members**

P. K. Grunebaum

F. J. Hofheinz

W. A. Krusen, Jr.

W. A. Sawyer

**Domicile**

Nevada

**Auditor**

GBH CPAs, PC

**Founded**

2003

**Employees**

4

**Stockholders**

1,471

## Lucas Energy Inc

## Key Stock Statistics

Price as of Dec 11, 2009	<b>\$0.52</b>	Dividend Rate/Share	<b>Nil</b>	\$10K Invested 5 Yrs Ago	<b>NA</b>	Total Shares Outstg. (M)	<b>11.0</b>
52-Wk Range	<b>\$1.45-0.35</b>	Trailing 12-Month P/E	<b>NM</b>	Beta	<b>NA</b>	Market Capitalization(B)	<b>\$0.006</b>
Trailing 12-Month EPS	<b>\$-0.36</b>	Tangible Book Val/Share	<b>\$1.66</b>	Yield (%)	<b>Nil</b>	Institutional Ownership (%)	<b>1</b>

## Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years	9 Years
Sales	9.74	NM	NA	NA
Net Income	NM	NM	NA	NA
<b>Ratio Analysis (Annual Avg.)</b>				
Net Margin (%)	NM	NM	NM	NA
% LT Debt to Capitalization	11.35	11.65	13.59	NA
Return on Equity (%)	NM	NM	NA	NA

## Expanded Ratio Analysis

	2009	2008	2007	2006
Price/Sales	1.58	1.96	Nil	NA
Price/EBITDA	19.72	7.94	Nil	NA
Price/Pretax Income	NM	67.07	Nil	NA
P/E Ratio	NM	NM	Nil	NA
Avg. Diluted Shares Outstg (M)	10.2	11.2	7.0	NA

Figures based on calendar year-end price

## Company Financials Fiscal Year Ended Mar. 31

Per Share Data (\$)	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
Tangible Book Value	1.75	1.97	1.00	0.11	NA	NA	NA	NA	NA	NA
Cash Flow	-0.12	0.06	0.07	0.02	NA	NA	NA	NA	NA	NA
Earnings	-0.21	Nil	0.05	0.01	NA	NA	NA	NA	NA	NA
Dividends	Nil	Nil	Nil	Nil	NA	NA	NA	NA	NA	NA
Payout Ratio	Nil	Nil	Nil	Nil	NA	NA	NA	NA	NA	NA
Calendar Year	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Prices:High	7.30	NA	NA	NA	NA	NA	NA	NA	NA	NA
Prices:Low	0.50	NA	NA	NA	NA	NA	NA	NA	NA	NA
P/E Ratio:High	NM	NA	NA	NA	NA	NA	NA	NA	NA	NA
P/E Ratio:Low	NM	NA	NA	NA	NA	NA	NA	NA	NA	NA

## Income Statement Analysis (Million \$)

Revenue	3.38	3.08	1.33	0.30	NA	NA	NA	NA	NA	NA
Operating Income	0.27	0.76	0.81	0.11	NA	NA	NA	NA	NA	NA
Depreciation	0.90	0.70	0.15	0.04	NA	NA	NA	NA	NA	NA
Interest Expense	0.09	0.10	0.22	0.01	NA	NA	NA	NA	NA	NA
Pretax Income	-2.93	0.09	0.45	0.07	NA	NA	NA	NA	NA	NA
Effective Tax Rate	NM	75.2%	28.3%	7.21%	NA	NA	NA	NA	NA	NA
Net Income	-2.10	0.02	0.32	0.06	NA	NA	NA	NA	NA	NA

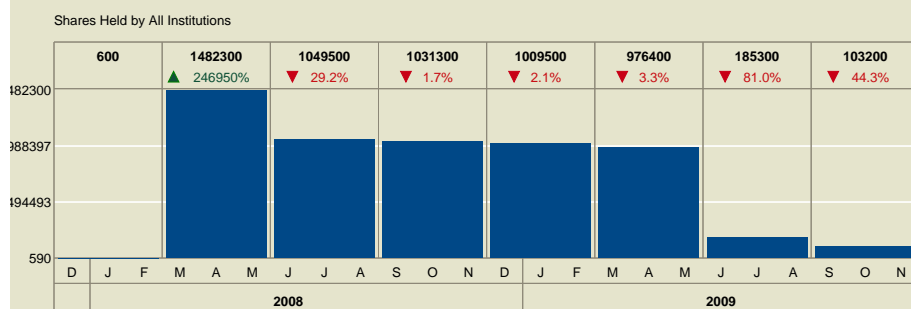
## Balance Sheet &amp; Other Financial Data (Million \$)

Cash	0.43	3.53	0.71	0.06	NA	NA	NA	NA	NA	NA
Current Assets	0.75	4.13	0.91	0.10	NA	NA	NA	NA	NA	NA
Total Assets	22.2	22.3	10.4	0.72	NA	NA	NA	NA	NA	NA
Current Liabilities	1.26	1.17	0.44	0.04	NA	NA	NA	NA	NA	NA
Long Term Debt	2.35	Nil	2.30	0.13	NA	NA	NA	NA	NA	NA
Common Equity	18.4	20.2	7.44	0.55	NA	NA	NA	NA	NA	NA
Total Capital	20.7	21.0	9.74	0.67	NA	NA	NA	NA	NA	NA
Capital Expenditures	3.99	9.75	4.86	0.78	NA	NA	NA	NA	NA	NA
Cash Flow	-1.20	0.72	0.48	0.10	NA	NA	NA	NA	NA	NA
Current Ratio	0.6	3.5	2.1	2.3	NA	NA	NA	NA	NA	NA
% Long Term Debt of Capitalization	11.4	Nil	23.6	19.4	NA	NA	NA	NA	NA	NA
% Net Income of Revenue	NM	0.7	24.2	20.6	NA	NA	NA	NA	NA	NA
% Return on Assets	NM	0.1	5.8	NM	NA	NA	NA	NA	NA	NA
% Return on Equity	NM	0.2	8.1	NM	NA	NA	NA	NA	NA	NA

Data as orig reptd.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

# Lucas Energy Inc

## Institutional Holdings



## Company Details

Primary Shares Outstanding (M)	11.0
Market Capitalization (M)	\$5.7
Price as of 12/10/09	\$0.54
Institutional Ownership (%)	1

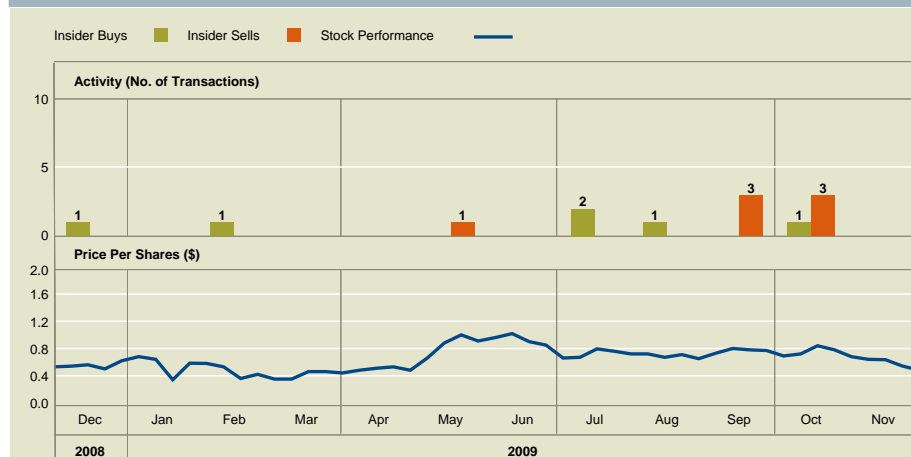
## Institutional Holdings Analysis as of 12/01/09

	Holders	Shares (000)
Total Shares Held	4	103
New Positions	0	0
Increased Positions	2	29
Decreased Positions	2	101

## Top Ten Institutional Holders (excluding Mutual Funds)

Holder	Reported	Shares (000)	% Shares Outstg.	% Change from Prev. Period	Current Mkt. Value (000\$)
MARSHALL & ILSLEY CORPORATION	Sep '09	47.5	0.43	Nil	25.6
RBC Professional Trader Group LLC	Jun '09	27.4	0.25	62.1 ▲	14.8
CALPERS (CALIFORNIA-PUBLIC EMPLOYEES RETIREMENT SYSTEM)	Sep '09	23.5	0.21	NM ▲	12.7
MERRILL LYNCH & CO., INC.	Sep '09	4.78	0.04	-67.6 ▼	2.58
Harvest Capital Strategies LLC	Sep '09	Nil	0.00	-100 ▼	Nil
<b>Total</b>		<b>103</b>	<b>0.94</b>	<b>-41.0 ▼</b>	<b>55.6</b>

## Insider Trading Activity



## Most Recent Insider Trades

Holder	Reported	Shares
WOLD, ERIC	10/22/09	16,800 ▼
WOLD, ERIC	10/21/09	3,200 ▼
SYTSMA, DONALD L	10/20/09	4,000 ▲
WOLD, ERIC	10/15/09	12,400 ▼
WOLD, ERIC	09/30/09	100 ▼
WOLD, ERIC	09/28/09	5,000 ▼
WOLD, ERIC	09/23/09	7,700 ▼
SYTSMA, DONALD L	08/28/09	10,000 ▲
BOHSALI, MALEK A.	07/20/09	20,000 ▲
BOHSALI, MALEK A.	07/20/09	5,000 ▲

Shares are "as reported" as of the transaction date. ▲ Buy ▼ Sell

# Lucas Energy Inc

## Sub-Industry Outlook

Our fundamental outlook for the oil & gas exploration & production (E&P) sub-industry for the next 12 months is neutral. S&P projects that operating EPS for the group will drop about 61% in 2009, but rebound about 33% in 2010.

With the effects of the credit crisis spread worldwide, budgets have been cut. As a result, we are pessimistic about future supply trends, which we believe will put upward pressure on oil prices when demand rebounds. In the meantime, the slippage in supply is not enough to offset reduced demand -- focusing attention on OPEC compliance. The cartel agreed on December 17, 2008, to cut the OPEC-11 (excluding Iraq) target to 24.845 million b/d from January 1, 2009 (OPEC-11 produced 26.48 million b/d in October 2009, estimated 61% compliance to volume cuts), and agreed to leave quotas unchanged at its September 9 meeting. We expect the cartel to leave production targets unchanged again when it meets on December 22 in Luanda, Angola.

The global economic slowdown has led to reductions in energy demand. As of October 2009, IHS Global Insight estimated that global oil demand will contract by 1.77 million b/d in 2009, to 84.52 million b/d, reflecting reduced consumption in OECD nations, before expanding by 1.16 million b/d, to 85.68 million b/d, in 2010, on an improved economic outlook. We expect global oil supply to contract by 2.75 million b/d to 84.81 million b/d in 2009, reflecting OPEC cuts, but to rise by 1.66 million b/d to 86.47 million b/d in 2010.

As of November 13, using a blend of data from Standard & Poor's, IHS Global Insight, the EIA and Bloomberg, we estimate that West Texas Intermediate (WTI) spot oil prices will average about \$61 per barrel in 2009, \$75 in 2010, and \$78 in 2011.

Risks to the downside include a strong dollar, an extended economic downturn, or reduced OPEC discipline. Risks to the upside include a weak dollar, strong economic growth, or a major supply disruption.

Separately, U.S. natural gas markets are expected to experience distress sales and involuntary production shut-ins. As of November 13, using data from IHS Global Insight, S&P estimates Henry Hub bid week (a blend of spot and contract) prices will average \$3.77 per million Btu in 2009, \$4.06 in 2010, and \$5.23 in 2011.

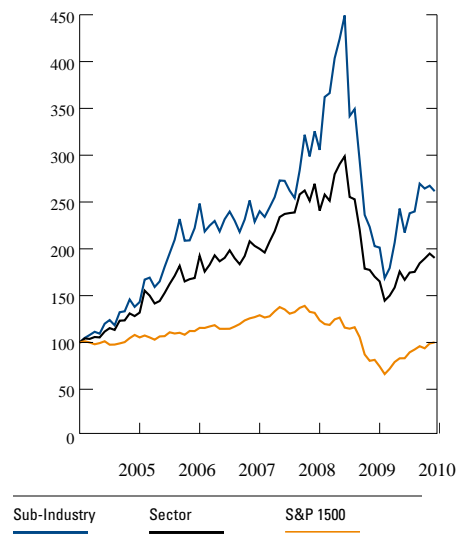
Year to date through November 20, the S&P Oil & Gas Exploration & Production Index rose 30.8%, versus a 21.1% advance for the S&P 1500 Composite Index. In 2008, the sub-industry index declined 38%, versus a 38% drop for the 1500.

--Michael Kay

## Stock Performance

**GICS Sector: Energy**  
**Sub-Industry: Oil & Gas Exploration & Production**

Based on S&P 1500 Indexes  
Month-end Price Performance as of 11/30/09



NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

## Sub-Industry : Oil & Gas Exploration & Production Peer Group\*: Based on market capitalizations within GICS Sub-Industry

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. \$)	Recent Stock Price(\$)	52 Week High/Low(\$)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.(\$)	Quality Ranking	S&P IQ %ile	Return on Revenue (%)	LTD to Cap (%)
<b>Lucas Energy</b>	<b>LEI</b>	<b>6</b>	<b>0.52</b>	<b>1.45/0.35</b>	<b>NA</b>	<b>Nil</b>	<b>NM</b>	<b>NA</b>	<b>NR</b>	<b>11</b>	<b>NM</b>	<b>11.3</b>
Cheyenne Resources	CYRS	7	0.00	7.90/0.07	NA	Nil	NM	NA	NR	NA	NA	NA
CityView Corp	CTVWF	5	0.00	0.01/0.00	NA	Nil	NM	NA	NR	2	NM	NA
Continental Energy Corp	CPPXF	5	0.07	0.19/0.04	NA	Nil	NM	NA	C	NA	NA	NA
Daleco Resources	DLOV	6	0.14	0.35/0.06	NA	Nil	NM	NA	C	9	NM	NA
Daybreak Oil & Gas	DBRM	6	0.12	0.19/0.07	NA	Nil	NM	NA	NR	NA	NA	NA
Eternal Energy	EERG	4	0.10	0.11/0.01	NA	Nil	NM	NA	NR	NA	NA	NA
Fox Petroleum	FXPT	5	0.06	0.63/0.06	NA	Nil	NM	NA	NR	NA	NM	NA
IAS Energy 'A'	IASCA	4	0.00	0.28/0.02	NA	Nil	NM	NA	C	32	NM	NA
Oakridge Energy	OAKR	7	1.70	4.50/1.50	NA	Nil	NM	NA	NR	46	NA	NA
Pennant Energy	PEN.C	5	0.27	0.35/0.12	NA	Nil	NM	NA	C	NA	NM	NA
Pryme Oil & Gas ADS	POGLY	7	0.64	2.60/2.60	NA	Nil	NM	NA	NR	NA	NM	NA
Running Fox Resource	RUN.C	7	0.17	0.34/0.09	NA	Nil	NM	NA	NR	NA	NA	0.9
Tudor Corp Ltd	TDR.C	6	0.18	0.31/0.06	NA	Nil	NM	NA	C	59	NM	NA
Yasheng Eco-Trade	YASH	6	0.06	3.60/0.05	NA	Nil	NM	NA	NR	18	NA	70.6

NA-Not Available NM-Not Meaningful NR-Not Rated. \*For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

**Lucas Energy Inc****S&P Analyst Research Notes and other Company News****November 17, 2009**

Lucas Energy Inc. announced earnings results for the second quarter ended September 30, 2009. For the quarter, the company reported revenue of \$414,218 as compared to \$441,464 in the first fiscal quarter of year 2009-2010. Lower oil revenues in the current quarter were due primarily to lower oil sales (-20%) partially offset with higher prices realized from oil sales (+19%) in the second fiscal quarter. The reduction in oil sales was due to wells that were offline for workovers and chemical treatments in preparation for production increases as crude oil prices remain high. Net loss was \$485,060 or \$0.05 per share as compared to a net loss for the first three months of the fiscal year of \$308,726 or \$0.03 per share. The loss reported for the second fiscal quarter included non-cash mark-to-market unrealized losses on marketable securities held by the company of \$242,000 as compared to the three months ended June 30, 2009 that included \$220,444 in mark-to-market unrealized gains on the same marketable securities. Shareholders' equity or book value at September 30, 2009 was \$17.8 million or \$1.66 per share compared to \$1.72 per share at March 31, 2009. EBITDA from oil and gas operations was \$6,359 as compared to negative EBITDA totaling \$248,605 for the three months ended June 30, 2009.

**October 14, 2009**

Lucas Energy, Inc. announced that it has elected W. Andrew Krusen, Jr. to fill the vacancy created by the resignation from the Board of Eric Wold on September 25, 2009. Mr. Krusen is expected to serve on the Audit, Compensation and Nominating Committees of the Board.

**October 1, 2009**

On September 25, 2009, the Board of Directors of Lucas Energy Inc. accepted the resignation of Eric Wold from his position on the board of directors.

**August 18, 2009**

Lucas Energy Inc. reported unaudited consolidated earnings results for the first quarter ended June 30, 2009. For the period, the company's loss from operations was \$438,487 against income from operations of \$586,101 a year ago. Net loss before income taxes was \$308,726 against income before income taxes of \$2,107,770 a year ago. Net loss was \$308,726 or \$0.03 per basic and diluted share on oil and gas revenues of \$441,464 against net income of \$1,390,130 or \$0.14 per basic and diluted share on oil and gas revenues of \$1,323,804 a year ago. Adjusted EBITDA was \$248,604 against adjusted negative EBITDA of \$664,664 a year ago.

**July 1, 2009**

Lucas Energy Inc. reported consolidated earnings results for the full year ended March 31, 2009. For the period, total revenues were \$3,382,060 against \$3,080,668 a year ago. Loss from operations was \$630,103 against income from operations of \$57,689 a year ago. Net loss before income taxes was \$2,933,618 against net income before income taxes of \$91,291 a year ago. Net loss was \$2,099,491 or \$0.21 per basic and diluted share against net income of \$22,602 or \$0.00 per basic and diluted share a year ago. Adjusted EBITDA was \$471,471 against \$995,767 a year ago.

**May 12, 2009**

Lucas Energy Inc. announced that the Board of Directors has elected Fred Hofheinz as Chairman of the Board of Directors. Fred Hofheinz is the former mayor of Houston, a well known business man from Texas, and experienced in both oil and gas and real estate investments. Mayor Hofheinz has served on the board of directors of both public and private oil and gas companies in the past. He was elected to the Board of Directors of Lucas Energy Inc. by the shareholders in November 2008. In other news, Chairman of the Board, former President, and co-founder James J. Cerna resigned as Chairman of the Board of Directors and a member of the Board in order to accept board positions at two Northern California green energy companies. Mr. Cerna will remain on the Board as the lead advisory director and is still a major shareholder of the Company.

**May 11, 2009**

Lucas Energy Inc. provided operations update for the fourth quarter and year ended March 31, 2009. During the fiscal year ended March 31, 2009, the company produced 52,585 barrels of oil from its oil wells in the Austin Chalk trend, primarily in Gonzales County, Texas. This was a 7% increase over the prior fiscal year. Gross production from Lucas operated wells during its third quarter of the 2008-09 fiscal year averaged 143 BOPD (Barrels of oil per day). The new fiscal year is

already starting off well with production averaging 138 BOPD to date for April 2009. The fourth fiscal quarter production was slightly lower at 127 BOPD due to maintenance, soapy water treatments, and the conversion of gas engine pumping units to electric motors. Lucas owns 100% working interest in all but one of its operated wells. For the fourth quarter of the 2008-09 fiscal year, gas sales were 2,291 MCF. Most notable was the increase in March 2009 which accounted for almost half of the production for the last quarter of the fiscal year. For the third quarter of the 2008-09 fiscal year, the company sold 2,122 MCF (thousand cubic feet) of gas.

# Lucas Energy Inc

## Glossary

### Quantitative Evaluations

In contrast to our qualitative STARS recommendations, which are assigned by S&P analysts, the quantitative evaluations described below are derived from proprietary arithmetic models. These computer-driven evaluations may at times contradict an analyst's qualitative assessment of a stock. One primary reason for this is that different measures are used to determine each. For instance, when designating STARS, S&P analysts assess many factors that cannot be reflected in a model, such as risks and opportunities, management changes, recent competitive shifts, patent expiration, litigation risk, etc.

### S&P Quality Ranking

Growth and stability of earnings and dividends are deemed key elements in establishing S&P's Quality Rankings for common stocks, which are designed to encapsulate the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+ Highest	B Below Average
A High	B- Lower
A- Above Average	C Lowest
B+ Average	D In Reorganization
NR Not Ranked	

### S&P Fair Value Rank

Using S&P's exclusive proprietary quantitative model, stocks are ranked in one of five groups, ranging from Group 5, listing the most undervalued stocks, to Group 1, the most overvalued issues. Group 5 stocks are expected to generally outperform all others. A positive (+) or negative (-) Timing Index is placed next to the Fair Value ranking to further aid the selection process. A stock with a (+) added to the Fair Value Rank simply means that this stock has a somewhat better chance to outperform other stocks with the same Fair Value Rank. A stock with a (-) has a somewhat lesser chance to outperform other stocks with the same Fair Value Rank. The Fair Value rankings imply the following:

- 5-Stock is significantly undervalued
- 4-Stock is moderately undervalued
- 3-Stock is fairly valued
- 2-Stock is modestly overvalued
- 1-Stock is significantly overvalued

### S&P Fair Value Calculation

The price at which a stock should trade at, according to S&P's proprietary quantitative model that incorporates both actual and estimated variables (as opposed to only actual variables in the case of S&P Quality Ranking). Relying heavily on a company's actual return on equity, the S&P Fair Value model places a value on a security based on placing a formula-derived price-to-book multiple on a company's consensus earnings per share estimate.

### Insider Activity

Gives an insight as to insider sentiment by showing whether directors, officers and key employees who have proprietary information not available to the general public, are buying or selling the company's stock during the most recent six months.

### Funds From Operations (FFO)

FFO is Funds from Operations and equal to a REIT's net income, excluding gains or losses from sales of property, plus real estate depreciation.

### Volatility

Rates the volatility of the stock's price over the past year.

### Technical Evaluation

In researching the past market history of prices and trading volume for each company, S&P's computer models apply special technical methods and formulas to identify and project price trends for the stock.

### Relative Strength Rank

Shows, on a scale of 1 to 99, how the stock has performed versus all other companies in S&P's universe on a rolling 13-week basis.

### Global Industry Classification Standard (GICS)

An industry classification standard, developed by Standard & Poor's in collaboration with Morgan Stanley Capital International (MSCI). GICS is currently comprised of 10 Sectors, 24 Industry Groups, 67 Industries, and 147 Sub-Industries.

### Exchange Type

ASE - American Stock Exchange; NNM - Nasdaq National Market; NSC - Nasdaq SmallCap; NYSE - New York Stock Exchange; BB - OTC Bulletin Board; OT - Over-the-Counter; TO - Toronto Stock Exchange.

**Dividends on American Depository Receipts (ADRs) and American Depository Shares (ADSs) are net of taxes (paid in the country of origin).**