



Overview of Vanguard Natural Resources

- Upstream Energy LLC, headquartered in Houston
 - Initial Public Offering – “VNR” NYSE Arca October 2007
 - Increased distributions 18% since IPO
 - Generating stable cash flow in current volatile environment

- Focused on maximizing the productivity of existing assets and maintaining cash distribution payments
 - Acquired 50 Bcfe (52% gas / 48% oil) of long life oil and gas reserves for \$130MM
 - 120 Bcfe total proved reserves
 - 77% proved developed (PDP)
 - 78% gas / 22% oil
 - 17 year reserve life

- Diverse asset base with properties in:
 - Appalachian Basin – SE Kentucky and NE Tennessee
 - Permian Basin – W Texas and SE New Mexico
 - South Texas – Webb County



Company Profile



- Company Metrics ⁽¹⁾

- Equity Market Cap \$ 96 million
- Total Debt \$ 135 million
- Enterprise Value \$ 231 million

– ⁽¹⁾ Based on market data as of **November 13, 2008** (VNR closing price of \$7.65).

- Positive cash distribution coverage

- Increased quarterly distribution by 12% to \$0.50 per unit in Q3 2008
- Annualized distribution of \$2.00 currently yields 25% at current price
- Coverage of 1.1x for nine months ended 9/30/2008
- Expect 1.15x-1.2x coverage at year-end 2008

- Strong liquidity position

- Increased borrowing capacity to \$175 million from \$150 million
- Added new bank to bank group



Asset Profile



Appalachian Position (1)

- Proved Reserves: 70 Bcfe (1,230 Btu gas content)
- 97% Gas and 68% PDP
- 543 gross/217 net undeveloped locations (60% PUD)
- 100% WI pre-2007; 40% WI 2007 and beyond
- 11,200 mcf/d current net production

Appalachian

Permian Basin

South Texas



Permian Basin Reserves(1)

- Proved Reserves: -- 4.5 Mboe
- 84% oil and 89% PDP
- 65% operated
- 750 Boepd current net production

Vanguard's South Texas Reserves (1)

- Proved Reserves: 25 Bcfe
- 100% gas (1,150 Btu gas content) 65% PDP
- 3,500 mcf/d current net production

(1) Based on internal estimates at 9/30/08



Cash Distribution Coverage for 2009



Natural Gas Prices (\$/Mmbtu)

		\$5.00	\$6.00	\$7.00	\$8.00	\$9.00
Crude Oil Prices WTI (\$/Barrel)	\$45.00	1.24x	1.25x	1.26x	1.31x	1.39x
	\$55.00	1.26x	1.27x	1.28x	1.33x	1.41x
	\$65.00	1.28x	1.29x	1.30x	1.34x	1.43x
	\$75.00	1.30x	1.31x	1.32x	1.36x	1.44x
	\$85.00	1.31x	1.32x	1.33x	1.38x	1.46x



Vanguard Investment Highlights



- High quality, long lived reserves with stable production profile
- Recent acquisitions in the Permian basin and South Texas balance the commodity and geographic mix and supported 18% distribution increase since the IPO
- Robust hedging program supports distribution visibility and stability
- Governance structure aligns the interest of management and unit holders
- Attractive distribution yield relative to peers