



Supplemental Q1 2013 Earnings Results



THE MONTHLY DISTRIBUTION MLP™

First Quarter 2013 Highlights



- Adjusted EBITDA (a non-GAAP financial measure defined below) increased 36% to \$72.4 million in the first quarter of 2013 from \$53.2 million in the first quarter of 2012 and increased 9% from \$66.5 million recorded in the fourth quarter of 2012.
- Distributable Cash Flow (a non-GAAP financial measure defined below) decreased 7% to \$41.4 million from the \$44.5 million generated in the first quarter of 2012 and remained relatively flat compared to the \$41.2 million generated in the fourth quarter of 2012.
- We reported a net loss for the quarter of \$27.0 million or \$(0.42) per basic unit compared to a reported net loss of \$2.0 million or \$(0.04) per basic unit in the first quarter of 2012. The recent quarter includes net non-cash expenses of \$43.3 million and one-time material transaction costs incurred on acquisitions of \$0.6 million that are adjustments to arrive at Adjusted Net Income (a non-GAAP financial measure defined below). The first quarter of 2012 results includes net non-cash expenses of \$23.6 million.
- Adjusted Net Income (a non-GAAP financial measure defined below) was \$16.9 million in the first quarter of 2013, or \$0.26 per basic unit, as compared to \$21.6 million, or \$0.41 per basic unit, in the first quarter of 2012.
- Reported average production of 33,122 BOE per day in the first quarter of 2013, up 144% over 13,569 BOE per day produced in the first quarter of 2012 and a 45% increase from the fourth quarter of 2012. On a BOE basis, crude oil, natural gas and natural gas liquids (“NGLs”) accounted for 24%, 67%, and 9% of our first quarter 2013 production, respectively.

Selected Summary Financials



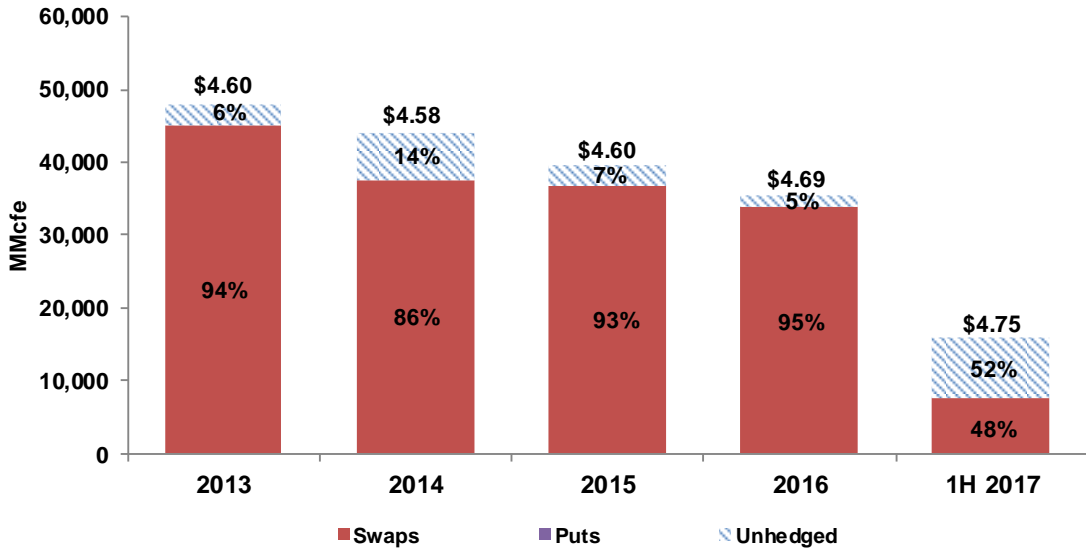
| | Three Months Ended March 31, | |
|---|--|-------------|
| | 2013 | 2012 |
| | (\$ in thousands, except per unit data) | |
| Production (BOE/d) | 33,122 | 13,569 |
| Oil, natural gas and natural gas liquids sales | \$ 96,682 | \$ 82,717 |
| Realized gain (loss) on commodity derivative contracts | \$ 5,771 | \$ (3,239) |
| Unrealized loss on commodity derivative contracts | \$ (35,047) | \$ (22,734) |
| Operating expenses | \$ 33,515 | \$ 25,419 |
| Selling, general and administrative expenses | \$ 6,549 | \$ 4,972 |
| Depreciation, depletion, amortization, and accretion | \$ 38,693 | \$ 21,797 |
| Net loss | \$ (27,023) | \$ (2,024) |
| Adjusted net income ⁽¹⁾ | \$ 16,889 | \$ 21,612 |
| Adjusted net income per basic unit ⁽¹⁾ | \$ 0.26 | \$ 0.41 |
| Adjusted EBITDA ⁽¹⁾ | \$ 72,433 | \$ 53,239 |
| Interest expense, including realized losses on interest rate derivative contracts | \$ 16,385 | \$ 5,905 |
| Drilling, capital workover and recompletion expenditures | \$ 14,648 | \$ 8,213 |
| Distributable cash flow ⁽¹⁾ | \$ 41,400 | \$ 44,498 |
| Distributable cash flow per basic unit ⁽¹⁾ | \$ 0.61 | \$ 0.86 |
| Distribution coverage ⁽¹⁾ | 1.00x | 1.44x |

(1) Non-GAAP financial measures. Please see Adjusted Net Income, Adjusted EBITDA and Distributable Cash Flow tables at the end of this press release for a reconciliation of these measures to their nearest comparable GAAP measure.

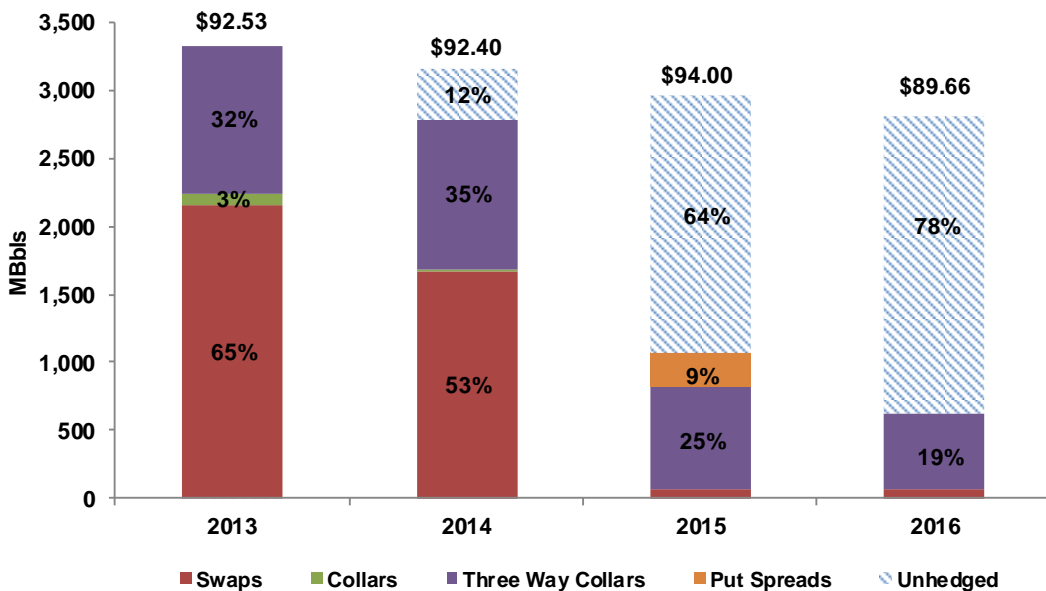
Commodity Hedge Summary



Gas Hedges



Oil Hedges



Note: Hedge prices reflect a weighted average of swap prices, floor prices on collars and long put prices on three way collars. Excludes NGL production. Weighted average floor price includes impact from the range bonus accumulators in 2013-2014.

Natural Gas and NGL Hedge Positions



| | Year 2013 | Year 2014 | Year 2015 | Year 2016 | Year 2017 |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|
| Natural Gas Positions: | | | | | |
| Fixed Price Swaps: | | | | | |
| Notional Volume (MMBtu) | 45,068,000 | 37,742,725 | 36,865,000 | 33,855,000 | 7,602,000 |
| Fixed Price (\$/MMBtu) | \$4.60 | \$4.58 | \$4.60 | \$4.69 | \$4.75 |
| Total: | | | | | |
| Notional Volume (MMBtu) | 45,068,000 | 37,742,725 | 36,865,000 | 33,855,000 | 7,602,000 |
| Fixed Price (\$/MMBtu) | \$4.60 | \$4.58 | \$4.60 | \$4.69 | \$4.75 |
| Basis Swaps: (1) | | | | | |
| Notional Volume (MMBtu) | 912,500 | 452,500 | - | - | - |
| Fixed Price (\$/MMBtu) | (\$0.32) | (\$0.32) | - | - | - |
| Swaptions and Calls: | | | | | |
| Notional Volume (MMBtu) | - | 1,642,500 | - | - | - |
| Fixed Price (\$/MMBtu) | - | \$5.69 | - | - | - |
| | Year 2013 | Year 2014 | Year 2015 | Year 2016 | Year 2017 |
| Natural Gas Liquids: | | | | | |
| Fixed Price Swaps | | | | | |
| Mont Belviu Ethane | | | | | |
| Notional Volume (Bbls) | 59,333 | 70,774 | - | - | - |
| Fixed Price (\$/Bbl) | \$11.03 | \$11.03 | - | - | - |
| Mont Belviu Propane | | | | | |
| Notional Volume (Bbls) | 44,355 | 52,907 | - | - | - |
| Fixed Price (\$/Bbl) | \$37.91 | \$37.91 | - | - | - |
| Mont Belviu N. Butane | | | | | |
| Notional Volume (Bbls) | 12,638 | 15,075 | - | - | - |
| Fixed Price (\$/Bbl) | \$65.62 | \$65.62 | - | - | - |
| Mont Belviu Isobutane | | | | | |
| Notional Volume (Bbls) | 13,479 | 16,078 | - | - | - |
| Fixed Price (\$/Bbl) | \$70.24 | \$70.24 | - | - | - |
| Mont Belviu N. Gasoline | | | | | |
| Notional Volume (Bbls) | 23,195 | 27,667 | - | - | - |
| Fixed Price (\$/Bbl) | \$88.57 | \$88.57 | - | - | - |
| Total | | | | | |
| Notional Volume (Bbls) | 153,000 | 182,500 | - | - | - |
| Fixed Price (\$/Bbl) | \$40.30 | \$40.30 | - | - | - |

(1) Natural gas basis swap contracts represent a weighted average differential between prices against Rocky Mountains (CIGC) and NYMEX Henry Hub prices.

Oil Hedge Positions



| | Year 2013 | Year 2014 | Year 2015 | Year 2016 | Year 2017 |
|----------------------------------|--------------|--------------|--------------|--------------|--------------|
| Oil Positions: | | | | | |
| Fixed Price Swaps: | | | | | |
| Notional Volume (Bbls) | 2,166,900 | 1,669,875 | 73,000 | 73,200 | - |
| Fixed Price (\$/Bbl) | \$90.61 | \$90.07 | \$87.10 | \$87.10 | - |
| Collars: | | | | | |
| Notional Volume (Bbls) | 82,125 | 12,000 | - | - | - |
| Floor Price (\$/Bbl) | \$88.89 | \$100.00 | - | - | - |
| Ceiling Price (\$/Bbl) | \$102.78 | \$116.20 | - | - | - |
| Three Way Collars: | | | | | |
| Notional Volume (Bbls) | 1,082,250 | 1,113,250 | 741,555 | 549,000 | - |
| Floor Price (\$/Bbl) | \$94.22 | \$94.10 | \$92.62 | \$90.00 | - |
| Ceiling Price (\$/Bbl) | \$102.47 | \$102.04 | \$102.73 | \$95.00 | - |
| Put Sold (\$/Bbl) | \$72.23 | \$72.13 | \$71.31 | \$70.00 | - |
| Put Spreads: | | | | | |
| Notional Volume (Bbl) | - | - | 255,500 | - | - |
| Floor Price (\$/Bbl) | - | - | \$100.00 | - | - |
| Put Sold (\$/Bbl) | - | - | \$75.00 | - | - |
| Total: | | | | | |
| Notional Volume (Bbls) | 3,331,275 | 2,795,125 | 1,070,055 | 622,200 | - |
| Fixed Price (\$/Bbl) | \$92.53 | \$92.40 | \$94.00 | \$89.66 | - |
| Basis Swaps: (1) | | | | | |
| Midland-Cushing | | | | | |
| Notional Volume (Bbls) | 471,000 | 401,500 | - | - | - |
| Fixed Price (\$/Bbl) | (\$1.24) | (\$1.05) | - | - | - |
| Cushing-WTS | | | | | |
| Notional Volume (Bbls) | 247,500 | 328,500 | - | - | - |
| Fixed Price (\$/Bbl) | (\$1.05) | (\$1.05) | - | - | - |
| LLS-Brent | | | | | |
| Notional Volume (Bbls) | - | 182,500 | - | - | - |
| Fixed Price (\$/Bbl) | - | (\$3.95) | - | - | - |
| LLS-WTI | | | | | |
| Notional Volume (Bbls) | 84,000 | - | - | - | - |
| Fixed Price (\$/Bbl) | \$9.60 | - | - | - | - |
| Swaptions and Calls: | | | | | |
| Notional Volume (Bbls) | 159,850 | 492,750 | 508,445 | 622,200 | - |
| Fixed Price (\$/Bbl) | \$100.14 | \$117.22 | \$105.98 | \$125.00 | - |
| Range Bonus Accumulators: | | | | | |
| Notional Volume (Bbl) | 685,000 | 547,500 | - | - | - |
| Bonus (\$/Bbl) | \$3.83 | \$3.50 | - | - | - |
| Digital Call Sold (\$/Bbl) | \$104.49 | \$106.33 | - | - | - |
| Put Sold (\$/Bbl) | \$72.63 | \$70.83 | - | - | - |

Note: Hedge prices reflect a weighted average of swap prices, floor prices on collars and long put prices on three way collars. Excludes NGL production. Vanguard sold oil puts in 2013 on 834,650 barrels at a weighted average price of \$65.13. Weighted average floor price includes impact from the range bonus accumulators in 2013-2014.

(1) Oil basis swap contracts represent a weighted average differential between prices against Light Louisiana Sweet Crude (LLS) and NYMEX WTI prices, prices against WTI-Midland and WTI-Cushing and prices against WTS and WTI-Cushing.

Adjusted EBITDA / Distributable Cash Flow and Adjusted Net Income



Adjusted EBITDA

Adjusted EBITDA is used by management as a tool to measure (prior to the establishment of any cash reserves by our board of directors, debt service and capital expenditures) the cash distributions we could pay our unitholders. Specifically, this financial measure indicates to investors whether or not we are generating cash flow at a level that can sustain or support an increase in our quarterly distribution rates. Adjusted EBITDA is also used as a quantitative standard by our management and by external users of our financial statements such as investors, research analysts and others to assess the financial performance of our assets without regard to financing methods, capital structure or historical cost basis; the ability of our assets to generate cash sufficient to pay interest costs and support our indebtedness; and our operating performance and return on capital as compared to those of other companies in our industry. Adjusted EBITDA is not intended to represent cash flows for the period, nor is it presented as a substitute for net income, operating income, cash flows from operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP.

Distributable Cash Flow

Distributable Cash Flow is used by management as a tool to measure (prior to the establishment of any cash reserves by our board of directors) the cash distributions we could pay our unitholders. Specifically, this financial measure indicates to investors whether or not we are generating cash flow at a level that can sustain or support an increase in our monthly distribution rates. While Distributable Cash Flow is measured on a quarterly basis for reporting purposes, management must consider the timing and size of its planned capital expenditures in determining the sustainability of its monthly distribution. Capital expenditures are typically not spent evenly throughout the year due to a variety of factors including weather, rig availability, and the commodity price environment. As a result, there will be some volatility in Distributable Cash Flow measured on a quarterly basis. Distributable Cash Flow is not intended to be a substitute for net income, operating income, cash flows from operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP.

Adjusted Net Income

This information is provided because management believes exclusion of the impact of these items will help investors compare results between periods and identify operating trends that could otherwise be masked by these items and to highlight the significant fluctuations that commodity price volatility has on our results, particularly as it relates to unrealized changes in the fair value of our derivative contracts. Adjusted Net Income is not intended to represent cash flows for the period, nor is it presented as a substitute for net income, operating income, cash flows from operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP.

Adjusted EBITDA and Distributable Cash Flow (a)



| | Three Months Ended | | March |
|---|---------------------------|------------------|--------------|
| | 31, | | |
| | 2013 | 2012 | |
| Net loss | \$ (27,023) | \$ (2,024) | |
| Plus: | | | |
| Interest expense, including realized losses on interest rate derivative contracts | 16,385 | 5,905 | |
| Depreciation, depletion, amortization and accretion | 38,693 | 21,797 | |
| Amortization of premiums paid on derivative contracts | 54 | 3,234 | |
| Amortization of value on derivative contracts acquired | 7,924 | — | |
| Unrealized losses on commodity and interest rate derivative contracts | 34,386 | 23,155 | |
| Loss on acquisition of oil and natural gas properties | — | 330 | |
| Taxes | (317) | (70) | |
| Compensation related items | 1,728 | 912 | |
| Material transaction costs incurred on acquisitions | 603 | — | |
| Adjusted EBITDA | 72,433 | 53,239 | |
| Less: | | | |
| Interest expense, net | (16,385) | (5,905) | |
| Drilling, capital workover and recompletion expenditures | (14,648) | (8,213) | |
| Proceeds from sale of leasehold interests | — | 5,377 | |
| Distributable cash flow | \$ 41,400 | \$ 44,498 | |
| Distributable cash flow per unit | \$ 0.61 | \$ 0.86 | |
| Distribution coverage | 1.00x | 1.44x | |

- (a) Our Adjusted EBITDA should not be considered as an alternative to net income, operating income, cash flows from operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP. Our Adjusted EBITDA excludes some, but not all, items that affect net income and operating income and these measures may vary among other companies. Therefore, our Adjusted EBITDA may not be comparable to similarly titled measures of other companies.

Adjusted Net Income



| | Three Months Ended March 31, | |
|--|---|------------------|
| | 2013 | 2012 |
| Net loss | \$ (27,023) | \$ (2,024) |
| Plus (less): | | |
| Unrealized loss on other commodity derivative contracts | 35,047 | 22,734 |
| Unrealized (gain) loss on interest rate derivative contracts | (661) | 421 |
| Unrealized fair value of phantom units granted to officers | 999 | 151 |
| Amortization of value of derivative contracts acquired | 7,924 | — |
| Loss on acquisition of oil and natural gas properties | — | 330 |
| Material transaction costs incurred on acquisitions | 603 | — |
| Adjusted net income | <u>\$ 16,889</u> | <u>\$ 21,612</u> |
| Net loss per unit | \$ (0.42) | \$ (0.04) |
| Plus (less): | | |
| Unrealized loss on other commodity derivative contracts | 0.54 | 0.43 |
| Unrealized (gain) loss on interest rate derivative contracts | (0.01) | 0.01 |
| Unrealized fair value of phantom units granted to officers | 0.02 | — |
| Amortization of value of derivative contracts acquired | 0.12 | — |
| Loss on acquisition of oil and natural gas properties | — | 0.01 |
| Material transaction costs incurred on acquisitions | 0.01 | — |
| Adjusted net income per basic unit | <u>\$ 0.26</u> | <u>\$ 0.41</u> |

Coverage Ratio Calculation



Distribution Coverage Ratio

The coverage ratio is used to determine the amount of actual cash distributions the company makes, relative to the amount it could potentially pay out. The amount of distribution which could be paid out is referred to as Distributable Cash Flow. The coverage ratio is then calculated by dividing Distributable Cash Flow by the actual cash distribution.

| | Three Months Ended 3/31/13 |
|--|---------------------------------------|
| Adjusted EBITDA | \$72,433 |
| Interest expense, net | (16,385) |
| Drilling, capital workover and recompletion expenditures | (14,648) |
| Distributable cash flow | <u>\$41,400</u> |
| Distributable cash flow per unit | \$0.61 |
| Distribution per unit | \$0.6075 |
| Units outstanding (millions) | 68.4 |
| Distribution coverage ratio | 1.00x |

Production and Realized Pricing



| | Three Months Ended March 31, | |
|---|---|------------------------------|
| | 2013 | 2012^{(a)(b)} |
| Average realized prices, excluding hedging: | | |
| Oil (Price/Bbl) | \$ 80.67 | \$ 93.04 |
| Natural Gas (Price/Mcf) | \$ 2.30 | \$ 4.19 |
| NGLs (Price/Bbl) | \$ 41.38 | \$ 59.08 |
| Average realized prices, including hedging ^(c): | | |
| Oil (Price/Bbl) | \$ 79.29 | \$ 86.66 |
| Natural Gas (Price/Mcf) | \$ 3.52 | \$ 6.01 |
| NGLs (Price/Bbl) | \$ 41.44 | \$ 59.08 |
| Total production volumes: | | |
| Oil (MBbls) | 725 | 692 |
| Natural Gas (MMcf) | 11,990 | 2,428 |
| NGLs (MBbls) | 257 | 138 |
| Combined (MBOE) | 2,981 | 1,235 |
| Average daily production volumes: | | |
| Oil (Bbls/day) | 8,060 | 7,606 |
| Natural Gas (Mcf/day) | 133,227 | 26,684 |
| NGLs (Bbls/day) | 2,858 | 1,515 |
| Combined (BOE/day) | 33,122 | 13,569 |

- (a) During 2012, we acquired certain oil and natural gas properties and related assets. The operating results of these properties are included with ours from the closing date of acquisition forward.
- (b) On March 30, 2012, we divested oil and natural gas properties in the Appalachian Basin. As such, there are no operating results from these properties included in our operating results from the closing date of the divestiture forward.
- (c) Excludes amortization of premiums paid and amortization on derivative contracts acquired.

Statement of Operations



| | Three Months Ended 31, | |
|--|---------------------------|-------------------|
| | 2013 | 2012 |
| Revenues: | | |
| Oil, natural gas and NGLs sales | \$ 96,682 | \$ 82,717 |
| Realized gain (loss) on commodity derivative contracts | 5,771 | (3,239) |
| Unrealized loss on commodity derivative contracts | (35,047) | (22,734) |
| Total revenues | 67,406 | 56,744 |
| Costs and expenses: | | |
| Production: | | |
| Lease operating expenses | 24,172 | 18,559 |
| Production and other taxes | 9,343 | 6,860 |
| Depreciation, depletion, amortization, and accretion | 38,693 | 21,797 |
| Selling, general and administrative expenses | 6,549 | 4,972 |
| Total costs and expenses | 78,757 | 52,188 |
| Income (loss) from operations | (11,351) | 4,556 |
| Other income (expense): | | |
| Interest expense | (15,438) | (5,329) |
| Realized loss on interest rate derivative contracts | (947) | (576) |
| Unrealized gain (loss) on interest rate derivative contracts | 661 | (421) |
| Loss on acquisition of oil and natural gas properties | — | (330) |
| Other | 52 | 76 |
| Total other expense | (15,672) | (6,580) |
| Net loss | \$ (27,023) | \$ (2,024) |
| Net loss per Common and Class B units – basic & diluted | \$ (0.42) | \$ (0.04) |
| Weighted average units outstanding: | | |
| Common units – basic & diluted | 64,369 | 52,067 |
| Class B units – basic & diluted | 420 | 420 |

Balance Sheet



| | March 31, 2013 (Unaudited) | December 31, 2012 |
|--|----------------------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$ 5,272 | \$ 11,563 |
| Trade accounts receivable, net | 73,646 | 51,880 |
| Derivative assets | 20,914 | 46,690 |
| Other current assets | 3,554 | 3,858 |
| Total current assets | 103,386 | 113,991 |
| Oil and natural gas properties, at cost | 2,145,130 | 2,126,268 |
| Accumulated depletion, amortization and impairment | (587,760) | (550,032) |
| Oil and natural gas properties evaluated, net – full cost method | 1,557,370 | 1,576,236 |
| Other assets | | |
| Goodwill | 420,955 | 420,955 |
| Derivative assets | 44,397 | 53,240 |
| Other assets | 61,607 | 35,712 |
| Total assets | \$ 2,187,715 | \$ 2,200,134 |
| Liabilities and members' equity | | |
| Current liabilities | | |
| Accounts payable: | | |
| Trade | \$ 5,486 | \$ 8,417 |
| Affiliates | 204 | 32 |
| Accrued liabilities: | | |
| Lease operating | 12,280 | 7,884 |
| Developmental capital | 13,664 | 4,754 |
| Interest | 22,546 | 11,573 |
| Production and other taxes | 15,892 | 12,852 |
| Derivative liabilities | 15,307 | 5,366 |
| Oil and natural gas revenue payable | 8,603 | 8,226 |
| Distribution payable | 13,872 | 11,919 |
| Other | 10,506 | 8,479 |
| Total current liabilities | 118,360 | 79,502 |
| Long-term debt | 1,008,691 | 1,247,631 |
| Derivative liabilities | 9,799 | 11,996 |
| Asset retirement obligations, net of current portion | 60,314 | 60,096 |
| Other long-term liabilities | 3,445 | 3,445 |
| Total liabilities | 1,200,609 | 1,402,670 |
| Commitments and contingencies | | |
| Members' equity | | |
| Members' capital, 68,261,030 common units issued and outstanding at March 31, 2013 and 58,706,282 at December 31, 2012 | 984,323 | 794,426 |
| Class B units, 420,000 issued and outstanding at March 31, 2013 and December 31, 2012 | 2,783 | 3,038 |
| Total members' equity | 987,106 | 797,464 |
| Total liabilities and members' equity | \$ 2,187,715 | \$ 2,200,134 |