

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K/A

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **September 10, 2014 (February 3, 2014)**

Vanguard Natural Resources, LLC

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of
incorporation)

001-33756

(Commission File Number)

61-1521161

(IRS Employer Identification
No.)

**5847 San Felipe, Suite 3000
Houston, Texas 77057**

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code **(832) 327-2255**

(Former name or former address, if changed since last report.)

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

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

As previously disclosed, Vanguard Natural Resources, LLC (“Vanguard” or the “Company”), through its wholly-owned subsidiary, Encore Energy Partners Operating, LLC (“Encore”), completed the acquisition of natural gas and oil assets in the Pinedale and Jonah fields located in Southwestern Wyoming on January 31, 2014 (the “Pinedale Acquisition”).

This current report on Form 8-K/A (“Amendment No. 2”) amends and supplements the Current Report on Form 8-K filed with the Securities and Exchange Commission (the “SEC”) by Vanguard on February 3, 2014, as amended by the Current Report on Form 8-K/A filed with the SEC by Vanguard on April 4, 2014 (“Amendment No. 1”), in connection with the Pinedale acquisition. The Current Report on Form 8-K filed on February 3, 2014 is being amended by this Amendment No. 2 to update the unaudited pro forma financial information provided related to the Pinedale Acquisition, which has been prepared in accordance with Article 11 of Regulation S-X. No other amendments to the Form 8-K filing on February 3, 2014, as amended by Amendment No. 1, are being made by this Amendment No. 2.

References in this current report to “us,” “we,” “our,” the “Company,” “Vanguard” or “VNR” are to Vanguard Natural Resources, LLC and its subsidiaries.

Item 9.01. Financial Statements and Exhibits.

(b) Pro Forma Financial Information.

- The unaudited pro forma combined statement of operations of the Company for the six months ended June 30, 2014 and year ended December 31, 2013 and the notes thereto are filed as Exhibit 99.1 hereto and are incorporated herein by reference.
- The summary pro forma combined oil, natural gas and natural gas liquids reserve data of the Company as of December 31, 2013 is filed as Exhibit 99.2 hereto and incorporated herein by reference.

(d) Exhibits.

EXHIBIT NUMBER	DESCRIPTION
Exhibit 99.1	Unaudited pro forma combined statement of operations of Vanguard Natural Resources, LLC for the six months ended June 30, 2014 and year ended December 31, 2013.
Exhibit 99.2	Summary pro forma combined oil, natural gas and natural gas liquids reserve data of Vanguard Natural Resources, LLC for the year ended December 31, 2013.

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 hereunto duly authorized.

VANGUARD NATURAL RESOURCES, LLC

By: /s/ Richard A. Robert
Name: Richard A. Robert
Title: Executive Vice President and Chief Financial Officer
(Principal Financial Officer and Principal Accounting Officer)

September 10, 2014

EXHIBIT INDEX

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**Unaudited Pro Forma Combined
Statement of Operations
for the Six Months Ended June 30, 2014
(in thousands)**

	<u>Vanguard Historical</u>	<u>Pro forma adjustments Pinedale Acquisition (Note 2)</u>	<u>Vanguard Pro forma</u>
Revenues:			
Oil sales	\$ 142,163	\$ 2,145 ^(a)	\$ 144,308
Natural gas sales	133,348	8,533 ^(a)	141,881
NGLs sales	38,748	3,581 ^(a)	42,329
Net losses on commodity derivative contracts	(94,436)	—	(94,436)
Total revenues	<u>219,823</u>	<u>14,259</u>	<u>234,082</u>
Costs and expenses:			
Production:			
Lease operating expenses	64,715	4,178 ^(b)	68,893
Production and other taxes	31,563	1,607 ^(b)	33,170
Depreciation, depletion, amortization and accretion	95,118	5,287 ^(c)	100,405
Selling, general and administrative expenses	15,902	—	15,902
Total costs and expenses	<u>207,298</u>	<u>11,072</u>	<u>218,370</u>
Income from operations	<u>12,525</u>	<u>3,187</u>	<u>15,712</u>
Other income (expense):			
Other income	131	—	131
Interest expense	(32,808)	(988) ^(d)	(33,796)
Net losses on interest rate derivative contracts	(1,579)	—	(1,579)
Gain on acquisition of oil and natural gas properties	32,114	(32,114) ^(e)	—
Total other expense	<u>(2,142)</u>	<u>(33,102)</u>	<u>(35,244)</u>
Net income (loss)	10,383	(29,915)	(19,532)
Less: Distributions to Preferred unitholders	(6,558)	—	(6,558)
Net income (loss) attributable to Common and Class B unitholders	<u>\$ 3,825</u>	<u>\$ (29,915)</u>	<u>\$ (26,090)</u>
Net income (loss) per Common and Class B unit:			
Basic & diluted	<u>\$ 0.05</u>		<u>\$ (0.32)</u>
Weighted average units outstanding:			
Common units – basic & diluted	<u>79,865</u>		<u>79,865</u>
Class B units – basic & diluted	<u>420</u>		<u>420</u>

**Unaudited Pro Forma Combined
Statement of Operations
for the Year Ended December 31, 2013
(in thousands)**

	Vanguard Historical	Pro forma adjustments Pinedale Acquisition (Note 2)	Vanguard Pro forma
Revenues:			
Oil sales	\$ 268,922	\$ 22,384 ^(a)	\$ 291,306
Natural gas sales	124,513	108,821 ^(a)	233,334
NGLs sales	49,813	31,292 ^(a)	81,105
Net gains on commodity derivative contracts	11,256	—	11,256
Total revenues	454,504	162,497	617,001
Costs and expenses:			
Production:			
Lease operating expenses	105,502	46,465 ^(b)	151,967
Production and other taxes	40,430	18,925 ^(b)	59,355
Depreciation, depletion, amortization and accretion	167,535	50,398 ^(c)	217,933
Selling, general and administrative expenses	25,942	—	25,942
Total costs and expenses	339,409	115,788	455,197
Income from operations	115,095	46,709	161,804
Other income (expense):			
Other income	69	—	69
Interest expense	(61,148)	(10,542) ^(d)	(71,690)
Net losses on interest rate derivative contracts	(96)	—	(96)
Net gain on acquisition of oil and natural gas properties	5,591	—	5,591
Total other expense	(55,584)	(10,542)	(66,126)
Net income	59,511	36,167	95,678
Less: Distributions to Preferred unitholders	(2,634)	—	(2,634)
Net income attributable to Common and Class B unitholders	\$ 56,877	\$ 36,167	\$ 93,044
Net income per Common and Class B unit:			
Basic	\$ 0.78		\$ 1.27
Diluted	\$ 0.77		\$ 1.26
Weighted average units outstanding:			
Common units – basic	72,644		72,644
Common units – diluted	72,992		72,992
Class B units – basic & diluted	420		420

**NOTES TO UNAUDITED PRO FORMA
COMBINED FINANCIAL INFORMATION**

Note 1. Basis of Presentation

On December 30, 2013, Vanguard Natural Resources, LLC (“Vanguard” or the “Company”, or “we”) and its wholly-owned subsidiary, Encore Energy Partners Operating, LLC, entered into a purchase and sale agreement, dated December 23, 2013 to purchase natural gas and oil assets in the Pinedale and Jonah fields located in Southwestern Wyoming. We refer to this acquisition as the “Pinedale Acquisition.” We completed this acquisition on January 31, 2014 for an aggregate adjusted purchase price of \$555.6 million with an effective date of October 1, 2013. The purchase price was funded with borrowings under our reserve-based credit facility.

The unaudited pro forma combined financial information included in this report is based on the historical consolidated financial statements of Vanguard, adjusted to reflect the Pinedale Acquisition, as if it had occurred on January 1, 2013. The related pro forma adjustments are described below.

The unaudited pro forma combined financial information should be read in conjunction with Vanguard's Form 10-Q for the quarter ended June 30, 2014 and Form 10-K for the year ended December 31, 2013.

The unaudited pro forma combined financial information is for informational purposes only and is not intended to represent or to be indicative of the combined results of operations or financial position that Vanguard would have reported had the Pinedale Acquisition been completed as of the dates set forth in this unaudited pro forma financial information and should not be taken as indicative of Vanguard's future performance for reasons, including, but not limited to, differences between the assumptions used to prepare the unaudited pro forma combined financial information and actual results.

Note 2. Pro Forma Adjustments

The measurement of the fair value at acquisition date of the assets acquired as compared to the fair value of consideration transferred, adjusted for purchase price adjustments, resulted in a gain of \$32.1 million, calculated in the following table. The gain resulted primarily from the changes in oil and natural gas prices between the date the purchase and sale agreement was entered into and the closing date, which were used to value the reserves acquired.

	(in thousands)
Fair value of assets and liabilities acquired:	
Oil and natural gas properties	\$ 600,123
Inventory	244
Asset retirement obligations	(12,404)
Imbalance liabilities	(172)
Other	(124)
Total fair value of assets and liabilities acquired	587,667
Total fair value of consideration transferred	555,553
Gain on acquisition	\$ 32,114

The unaudited pro forma combined statements of operations for the six months ended June 30, 2014 and year ended December 31, 2013 include adjustments to reflect the following:

- (a) Represents the increase in oil, natural gas and natural gas liquids sales resulting from the Pinedale Acquisition.
- (b) Represents the increase in lease operating expenses and production and other taxes resulting from the Pinedale Acquisition.
- (c) Represents the increase in depreciation, depletion, amortization and accretion resulting from the Pinedale Acquisition.
- (d) Represents the pro forma interest expense related to borrowings under the reserve-based credit facility to fund the Pinedale Acquisition.
- (e) Represents the elimination of the nonrecurring gain from the acquisition of oil, natural gas and natural gas liquids properties in the Pinedale Acquisition.

**Summary Pro Forma Combined
Oil, Natural Gas and Natural Gas Liquids
Reserve Data**

The following tables set forth summary pro forma information with respect to Vanguard's pro forma combined estimated net proved and proved developed natural gas, oil and natural gas liquids reserves as of December 31, 2013. This pro forma information gives effect to the Pinedale Acquisition as if it occurred on January 1, 2013. Future exploration, exploitation and development expenditures, as well as future commodity prices and service costs, will affect the reserve volumes attributable to the acquired properties and the standardized measure of discounted future net cash flows.

Estimated changes in the quantities of natural gas, oil and natural gas liquids reserves for the year ended December 31, 2013 are as follows:

	Natural Gas (in MMcf)		
	Vanguard historical	Pinedale Acquisition	Vanguard pro forma combined ^(a)
Net proved reserves			
January 1, 2013	546,513	605,911	1,152,424
Revisions of previous estimates	(9,589)	—	(9,589)
Extensions, discoveries and other	13,556	—	13,556
Purchases of reserves in place	86,245	—	86,245
Production	(50,236)	(32,156)	(82,392)
December 31, 2013	<u>586,489</u>	<u>573,755</u>	<u>1,160,244</u>
	Oil (in MBbls)		
	Vanguard historical	Pinedale Acquisition	Vanguard pro forma combined ^(a)
Net proved reserves			
January 1, 2013	42,218	5,102	47,320
Revisions of previous estimates	(765)	—	(765)
Extensions, discoveries and other	303	—	303
Purchases of reserves in place	6,649	—	6,649
Production	(3,089)	(250)	(3,339)
December 31, 2013	<u>45,316</u>	<u>4,852</u>	<u>50,168</u>

	Natural Gas Liquids (in MBbls)		
	Vanguard historical	Pinedale Acquisition	Vanguard pro forma combined ^(a)
Net proved reserves			
January 1, 2013	18,940	21,200	40,140
Revisions of previous estimates	4,836	—	4,836
Extensions, discoveries and other	343	—	343
Purchases of reserves in place	6,553	—	6,553
Production	(1,477)	(1,156)	(2,633)
December 31, 2013	29,195	20,044	49,239

(a) Includes Vanguard's and the Pinedale Acquisition's estimated net proved and proved developed oil, natural gas and natural gas liquids reserves as of December 31, 2013.

	Vanguard historical	Pinedale Acquisition	Vanguard pro forma combined ^(a)
Estimated proved reserves:			
Natural Gas (MMcf)	586,489	573,755	1,160,244
Oil (MBbls)	45,316	4,852	50,168
Natural Gas Liquids (MBbls)	29,195	20,044	49,239
MMcfe	1,033,555	723,131	1,756,686
Estimated proved developed reserves:			
Natural Gas (MMcf)	455,162	274,723	729,885
Oil (MBbls)	40,099	2,126	42,225
Natural Gas Liquids (MBbls)	18,962	9,586	28,548
MMcfe	809,528	344,995	1,154,523

(a) Includes Vanguard's and the Pinedale Acquisition's estimated net proved and proved developed oil, natural gas and natural gas liquids reserves as of December 31, 2013.

The standardized measure of discounted future net cash flows relating to the combined proved oil, natural gas and natural gas liquids reserves at December 31, 2013 is as follows (in thousands):

	Vanguard historical	Pinedale Acquisition	Vanguard pro forma combined ^(a)
Future cash inflows	\$ 6,670,299	\$ 2,290,161	\$ 8,960,460
Future production costs	(2,352,721)	(876,434)	(3,229,155)
Future development costs	(358,119)	(333,861)	(691,980)
Future net cash flows	3,959,459	1,079,866	5,039,325
10% annual discount for estimated timing of cash flows	(2,125,488)	(619,767)	(2,745,255)
Standardized measure of discounted future net cash flows	\$ 1,833,971	\$ 460,099	\$ 2,294,070

(a) The pro forma standardized measure includes Vanguard and the Pinedale Acquisition.

For the December 31, 2013 calculations in the preceding table, estimated future cash inflows from estimated future production of proved reserves were computed using the average oil and natural gas price based upon the 12-month average price of \$96.90 per barrel of crude oil and \$3.67 per MMBtu for natural gas adjusted for quality, transportation fees and a regional price differential, and the volume-weighted average price of \$36.28 per barrel of natural gas liquids. The natural gas liquids prices were calculated using the differentials for each property to West Texas Intermediate reference price of \$96.90. We may receive amounts different than the standardized measure of discounted cash flow for a number of reasons, including price changes and the effects of our hedging activities.

The following are the principal sources of change in the combined standardized measure of discounted future net cash flows for the year ended December 31, 2013 (in thousands):

	Vanguard historical	Pinedale Acquisition	Vanguard pro forma combined ^(a)
Sales and transfers, net of production costs	\$ (297,316)	\$ (97,107)	\$ (394,423)
Net changes in prices and production costs	(13,797)	—	(13,797)
Extensions discoveries and improved recovery, less related costs	24,110	—	24,110
Changes in estimated future development costs	43,496	—	43,496
Previously estimated development costs incurred during the period	56,661	—	56,661
Revision of previous quantity estimates	28,462	—	28,462
Accretion of discount	157,655	50,655	208,310
Purchases of reserves in place	333,530	—	333,530
Change in production rates, timing and other	(75,377)	—	(75,377)
Net change in standardized measure	257,424	(46,452)	210,972
Standardized measure, January 1, 2013	1,576,547	506,551	2,083,098
Standardized measure, December 31, 2013	<u>\$ 1,833,971</u>	<u>\$ 460,099</u>	<u>\$ 2,294,070</u>

(a) The pro forma standardized measure includes Vanguard and the Pinedale Acquisition.