

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

FORM 8-K/A

Amendment No. 2 to Form 8-K dated July 28, 2008

CURRENT REPORT
Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **December 22, 2008 (July 28, 2008)**

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.)

7700 San Felipe, Suite 485
Houston, Texas 77063
(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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Item 2.01. Completion of Acquisition of Assets.

On July 21, 2008, Vanguard Natural Resources, LLC (“Vanguard” or the “Company”) filed a Current Report on Form 8-K announcing that its wholly-owned subsidiary, Vanguard Permian, LLC, had entered into a Purchase and Sale Agreement, dated July 18, 2008, with Segundo Navarro Drilling, Ltd, an affiliate of the Lewis Energy Group (“Lewis”) (the “PSA”) to purchase certain producing and non-producing oil and gas properties in South Texas (the “Properties”) for approximately \$53.4 million in cash and Vanguard units (the “Acquisition”), subject to adjustment.

The Properties have total estimated proved reserves of 21.8Bcfe as of December 31, 2007, of which approximately 99% is natural gas and 63% is proved developed. Based on the current net daily production of approximately 3,000 Mcfe, the Properties have a reserve to production ratio of approximately 19 years and have a 1,150 Btu content. At the closing, the Company assumed from Lewis natural gas collar and swap derivative contracts covering approximately 85% of the estimated proved producing natural gas production from the Properties through 2011 as follows:

<u>Period</u>	<u>Volume (Mmbtu)</u>	<u>Hedge</u>	<u>Pricing (1)</u>
July-December 2008	527,800	Collar	\$ 11.40-12.85
2009	970,800	Swap	\$ 11.00
2010	843,900	Swap	\$ 10.07
2011	762,200	Swap	\$ 9.75

(1) All prices are Houston Ship Channel first of month index prices. The Swap prices shown for 2009-2011 are weighted average prices for the calendar year.

The closing of the transaction contemplated in the PSA was completed on July 28, 2008 for an adjusted purchase price of \$51.4 million. The consideration included \$30.0 million in cash and 1,350,873 Vanguard units. Pursuant to Item 9.01 of Form 8-K, the Company hereby provides the audited statement of combined revenues and direct operating expenses for the Properties for the year ended December 31, 2007, the unaudited statement of combined revenues and direct operating expenses for the six months ended June 30, 2008, and the unaudited pro forma balance sheet of the Company reflecting the acquisition of the Properties as if the transaction occurred on June 30, 2008.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Business Acquired

The audited statement of combined revenues and direct operating expenses for the Properties for the year ended December 31, 2007 and the unaudited statement of revenues and direct operating expenses for the Properties for the six months ended June 30, 2008 is filed as Exhibit 99.1 hereto and incorporated herein by reference.

(b) Pro Forma Balance Sheet

The unaudited pro forma consolidated balance sheet of Vanguard Natural Resources, LLC as of June 30, 2008 is filed as Exhibit 99.2 hereto and incorporated herein by reference.

(c) Exhibits.

<u>EXHIBIT NUMBER</u>	<u>DESCRIPTION</u>
Exhibit 99.1	Statement of Combined Revenues and Direct Operating Expenses of the Oil and Gas Properties Purchased by Vanguard Natural Resources, LLC from Segundo Navarro Drilling, Ltd for the year ended December 31, 2007 and the six months ended June 30, 2008.
Exhibit 99.2	Unaudited Pro Forma Consolidated Balance Sheet of Vanguard Natural Resources, LLC as of June 30, 2008.

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/ Scott W. Smith

Name: Scott W. Smith

Title: President and Chief Executive Officer

December 22, 2008

EXHIBIT INDEX

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Exhibit 99.2	Unaudited Pro Forma Consolidated Balance Sheet of Vanguard Natural Resources, LLC as of June 30, 2008.

**STATEMENT OF COMBINED REVENUES AND DIRECT OPERATING EXPENSES
OF THE OIL AND GAS PROPERTIES PURCHASED BY VANGUARD NATURAL
RESOURCES, LLC FROM SEGUNDO NAVARRO DRILLING, LTD**

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Partners of Segundo Navarro Drilling, Ltd.

We have audited the accompanying statement of combined revenues and direct operating expenses of the oil and gas properties purchased by Vanguard Natural Resources, LLC from Segundo Navarro Drilling, Ltd. (the Partnership), for the year ended December 31, 2007. This financial statement is the responsibility of the Partnership's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. The Partnership is not required to have, nor were we engaged to perform an audit of the Partnership's internal control over financial reporting of the oil and gas properties purchased by Vanguard Natural Resources, LLC from the Partnership. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in Vanguard Natural Resources, LLC's Form 8-K/A and is not intended to be a complete financial presentation of the properties described above.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the combined revenues and direct operating expenses of the oil and gas properties purchased by Vanguard Natural Resources, LLC from the Partnership for the year ended December 31, 2007, in conformity with U.S. generally accepted accounting principles.

/s/ **BKD, LLP**

October 8, 2008
San Antonio, Texas

**STATEMENT OF COMBINED REVENUES AND DIRECT OPERATING EXPENSES
OF THE OIL AND GAS PROPERTIES PURCHASED BY VANGUARD NATURAL
RESOURCES, LLC FROM SEGUNDO NAVARRO DRILLING, LTD.**

(in thousands)

	For the Year Ended December 31, 2007	For the Six Months Ended June 30, 2008 (Unaudited)
Revenues	\$ 8,730	\$ 5,505
Direct operating expenses	<u>(2,782)</u>	<u>(890)</u>
Excess of revenues over direct operating expenses	<u>\$ 5,948</u>	<u>\$ 4,615</u>

The accompanying notes are an integral part of this financial statement.

**COMBINED REVENUES AND DIRECT OPERATING EXPENSES OF THE OIL AND
GAS PROPERTIES PURCHASED BY VANGUARD NATURAL RESOURCES, LLC
FROM SEGUNDO NAVARRO DRILLING, LTD.**

Notes to Financial Statement

Note 1: THE PROPERTIES

On July 28, 2008, Vanguard Natural Resources, LLC ("Vanguard"), through its wholly-owned subsidiary Vanguard Permian, LLC, consummated a transaction to purchase oil and natural gas producing properties in south Texas (the "Properties"), from Segundo Navarro Drilling, Ltd. a wholly-owned affiliate of the Lewis Energy Group ("Lewis"). The transaction was subject to normal closing adjustments, with an effective date of June 1, 2008. After consideration of preliminary closing adjustments of approximately \$2.0 million, total consideration for the Properties was \$51.4 million comprised of approximately \$30.0 million in cash and \$1.35 million Vanguard units based on the VNR average closing price over the twenty consecutive trading days prior to July 28, 2008 or \$15.81.

Note 2: BASIS FOR PRESENTATION

During the periods presented, the Properties were not accounted for or operated as a separate division by Lewis. Certain costs, such as depreciation, depletion and amortization, interest, accretion, general and administrative expenses, and corporate income taxes were not allocated to the individual properties. Accordingly, full separate financial statements prepared in accordance with accounting principles generally accepted in the United States do not exist and are not practicable to obtain in these circumstances.

Revenues and direct operating expenses included in the accompanying statement represent Vanguard's net revenue and working interest in the properties acquired for the 2007 calendar year and the first six months of 2008 prior to the closing date and are presented on the accrual basis of accounting. Depreciation, depletion and amortization, interest, accretion, general and administrative expenses and corporate income taxes have been excluded. The financial statement presented is not indicative of the results of operations of the acquired properties going forward due to changes in the business including new commodity derivatives and inclusion of the above mentioned expenses.

Note 3: COMMITMENTS AND CONTINGENCIES

Pursuant to the terms of the Purchase and Sale Agreement between Vanguard and Lewis, any claims, litigation or disputes pending as of the effective date (June 1, 2008) or any matters arising in connection with ownership of the properties prior to the effective date are retained by Lewis. Notwithstanding this indemnification, Vanguard is not aware of any legal, environmental or other commitments or contingencies that would have a material effect on the statement of combined revenues and direct operating expenses.

**COMBINED REVENUES AND DIRECT OPERATING EXPENSES OF THE OIL AND
GAS PROPERTIES PURCHASED BY VANGUARD NATURAL RESOURCES, LLC
FROM SEGUNDO NAVARRO DRILLING, LTD.**

**SUPPLEMENTAL OIL AND GAS INFORMATION
(UNAUDITED)
December 31, 2007**

OIL AND GAS RESERVE INFORMATION

Proved oil and gas reserve quantities are based on internal estimates prepared by Vanguard and from information provided by Lewis, in accordance with guidelines established by the Securities and Exchange Commission.

There are numerous uncertainties inherent in estimating quantities of proved reserves and projecting future rates of production and timing of development expenditures. The following reserve data represents estimates only and should not be construed as being exact.

(in thousands)

	<u>Natural Gas</u> (MMcf)	<u>Crude Oil and Natural Gas Liquids</u> (Mbbbl)
Total proved reserves:		
Balance, December 31, 2006	22,390	27
Production	(1,143)	(1)
Revisions of previous estimates	362	1
Balance, December 31, 2007	<u>21,609</u>	<u>27</u>
Proved developed producing	12,769	1
Proved developed non-producing	995	1
Proved developed reserves:		
Balance, December 31, 2007	<u><u>13,764</u></u>	<u><u>2</u></u>

**COMBINED REVENUES AND DIRECT OPERATING EXPENSES OF THE OIL AND
GAS PROPERTIES PURCHASED BY VANGUARD NATURAL
RESOURCES, LLC FROM SEGUNDO NAVARRO DRILLING, LTD.**

**SUPPLEMENTAL OIL AND GAS INFORMATION
(UNAUDITED)
December 31, 2007**

FUTURE NET CASH FLOWS

Future cash inflows are based on year-end oil and gas prices except in those instances where future natural gas or oil sales are covered by physical contract terms providing for higher or lower amounts. Operating costs, production and ad valorem taxes and future development costs are based on current costs with no escalation.

The following table sets forth unaudited information concerning future net cash flows for oil and gas reserves. Future income tax expense has not been computed as Vanguard is not a tax paying entity. This information does not purport to present the fair market value of Vanguard's oil and gas assets, but does present a standardized disclosure concerning possible future net cash flows that would result under the assumptions used.

	December 31, 2007
<i>(in thousands)</i>	
Cash inflows	\$ 212,748
Production costs	(63,344)
Development costs	<u>(11,425)</u>
Net cash flows	137,979
10 percent discount rate	<u>(82,046)</u>
Discounted future net cash flows	<u>\$ 55,933</u>

**COMBINED REVENUES AND DIRECT OPERATING EXPENSES OF THE OIL
AND GAS PROPERTIES PURCHASED BY VANGUARD NATURAL
RESOURCES, LLC FROM SEGUNDO NAVARRO DRILLING, LTD.**

**SUPPLEMENTAL OIL AND GAS INFORMATION
(UNAUDITED)
December 31, 2007**

The following table sets forth the principal sources of change in discounted future net cash flows for the year ended December 31,

(in thousands)

	<u>2007</u>
Beginning of Year	\$ 47,396
Sales, net of production costs	(5,948)
Net change in prices and production costs	11,705
Change in future development costs	(1,512)
Accretion of discount	4,740
Revision of quantity estimates	2,984
Change in production rates, timing and other	<u>(3,432)</u>
End of Year	<u>\$ 55,933</u>

Vanguard Natural Resources, LLC and Subsidiaries

Unaudited Pro Forma Consolidated Balance Sheet

The Company acquired certain producing and non-producing oil and gas properties and related assets and liabilities from Lewis on July 28, 2008. The following pro forma consolidated balance sheet has been prepared to reflect the acquisition as if it occurred on June 30, 2008. Pro forma statements of operations have not been provided as the use of forward-looking information would be necessary to meaningfully present the effects of the acquisition. This unaudited pro forma balance sheet has been prepared for comparative purposes only and may not reflect what would have occurred if the Company had completed the acquisition at an earlier date. This pro forma balance sheet should be read in conjunction with the audited December 31, 2007 and unaudited June 30, 2008 consolidated financial statements of Vanguard Natural Resources, LLC.

Vanguard Natural Resources, LLC and Subsidiaries
Unaudited Pro Forma Consolidated Balance Sheet
As of June 30,

	Vanguard Historical 2008	Pro Forma Adjustments	Vanguard Pro Forma As Adjusted 2008
Assets			
Current assets			
Cash and cash equivalents	\$ 3,900,503	\$ —	\$ 3,900,503
Trade accounts receivable, net	10,825,985		10,825,985
Derivative assets	—	1,963,816(a)	1,963,816
Other currents assets	719,273		719,273
Total current assets	<u>15,445,761</u>	<u>1,963,816</u>	<u>17,409,577</u>
Property and equipment			
Furniture and fixtures	109,594		109,594
Machinery and equipment	163,677		163,677
Less: accumulated depreciation	(70,234)		(70,234)
Total property and equipment	<u>203,037</u>	<u>—</u>	<u>203,037</u>
Natural gas and oil properties, net – full cost method	184,705,095	51,365,940(a) (3,595,687) (a) 820,837(a)	233,296,185
Other assets			
Derivative assets	702,079	1,631,871(a)	2,333,950
Deferred financing costs	973,191		973,191
Non-current deposits	45,963		45,963
Other assets	1,061,309		1,061,309
Total assets	<u>\$ 203,136,435</u>	<u>\$ 52,186,777</u>	<u>\$ 255,323,212</u>
Liabilities and members' equity			
Current liabilities			
Accounts payable – trade	\$ 947,507	\$ —	\$ 947,507
Accounts payable – natural gas and oil	1,034,750		1,034,750
Payables to affiliates	4,161,308		4,161,308
Derivative liabilities	27,109,030		27,109,030
Accrued expenses	3,435,907		3,435,907
Total current liabilities	<u>36,688,502</u>	<u>—</u>	<u>36,688,502</u>
Long-term debt	102,500,000	30,005,940(b)	132,505,940
Derivative liabilities	47,582,633		47,582,633
Asset retirement obligations	1,532,881	820,837(a)	2,353,718
Total liabilities	<u>188,304,016</u>	<u>30,826,777</u>	<u>219,130,793</u>
Commitments and contingencies			
Members' equity			
Members' capital, 10,795,000 pre-acquisition and 12,145,873 post-aquisition common units issued and outstanding at June 30, 2008	19,220,375	21,360,000(a)	40,580,375
Class B units, 420,000 issued and outstanding at June 30, 2008	3,495,153		3,495,153
Other comprehensive loss	(7,883,109)		(7,883,109)
Total members' equity	<u>14,832,419</u>	<u>21,360,000</u>	<u>36,192,419</u>
Total liabilities and members' equity	<u>\$ 203,136,435</u>	<u>\$ 52,186,777</u>	<u>\$ 255,323,212</u>

See notes to unaudited pro forma consolidated balance sheet

Vanguard Natural Resources, LLC and Subsidiaries
Notes to Unaudited Pro Forma Consolidated Balance Sheet

- (a) To record the acquisition of certain producing and non-producing oil and gas properties and related assets and liabilities from Lewis. Total cash consideration of \$30.0 million (after consideration of preliminary purchase price adjustments of approximately \$2.0 million) and VNR stock consideration of \$21.4 million (1,350,873 units at \$15.81) plus assumption of natural gas swap and collar derivative contracts for gas production from July 2008 through December 2011 (\$3.6 million asset) and asset retirement obligation (\$0.8 million liability).
 - (b) To record the financing of the cash portion of the acquisition with borrowings from the Company's reserve-based credit facility.
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