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): **March 12, 2013 (November 5, 2012)**

Vanguard Natural Resources, LLC

(Exact name of registrant as specified in its charter)

DELAWARE	**001-33756**	**61-1521161**
(State or other jurisdiction of incorporation)	(Commission File Number)	(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))

On November 5, 2012, Vanguard Natural Resources, LLC ("Vanguard" or the "Company") filed a Current Report on Form 8-K ("the Original 8-K") announcing that its wholly-owned subsidiary, Encore Energy Partners Operating, LLC ("Encore"), had entered into a Purchase and Sale Agreement, dated October 31, 2012, with Bill Barrett Corporation ("Seller") (the "PSA") to purchase natural gas and liquids assets in the Piceance Basin in Colorado and the Powder River and Wind River Basins in Wyoming (the "Properties") for $335.0 million. As reported in a Current Report on Form 8-K/A filed on January 3, 2013, these transactions were consummated on December 31, 2012. This current report on Form 8-K/A amends and restates Item 9.01 of the Original 8-K in its entirety to provide the information required by Item 9.01 of Form 8-K.

Item 9.01. ***Financial Statements and Exhibits.***

(a) Financial Statements of Business Acquired

The audited statement of revenues and direct operating expenses for the Properties for the year ended December 31, 2011 and the unaudited statements of revenues and direct operating expenses for the Properties for the nine months ended September 30, 2012 and 2011 are filed as Exhibit 99.1 hereto and incorporated herein by reference.

(b) The following unaudited combined pro forma financial information of the Company and the notes thereto are included in Exhibit 99.2 hereto and are incorporated herein by reference:

- Unaudited pro forma combined balance sheet as of September 30, 2012;
- Unaudited pro forma combined statement of operations for the nine months ended September 30, 2012; and
- Unaudited pro forma combined statement of operations for the year ended December 31, 2011.

(c) The summary pro forma combined oil, natural gas and natural gas liquids reserve data is included in Exhibit 99.3 hereto and incorporated herein by reference.

(d) Exhibits.

EXHIBIT NUMBER	DESCRIPTION
Exhibit 10.1	Purchase and Sale Agreement, dated October 31, 2012 among Encore Energy Partners Operating, LLC and Bill Barrett Corporation (incorporated by reference to the Company's Current Report on Form 8-K (File No. 001-33756) filed on November 5, 2012).
Exhibit 23.1	Consent of BDO USA, LLP.
Exhibit 99.1	Statements of Revenues and Direct Operating Expenses of the Oil and Gas Properties Encore Energy Partners Operating, LLC (a wholly-owned subsidiary of Vanguard Natural Resources, LLC) purchased on December 31, 2012 from Seller for the year ended December 31, 2011 and for the nine months ended September 30, 2012 and 2011.
Exhibit 99.2	Unaudited pro forma combined financial information of Vanguard Natural Resources, LLC as of September 30, 2012 and for the nine months ended September 30, 2012 and for the year ended December 31, 2011.
Exhibit 99.3	Summary Pro Forma Combined Oil, Natural Gas and Natural Gas Liquids Reserve Data.

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
March 12, 2013		(Principal Financial Officer and Principal Accounting Officer)

EXHIBIT INDEX

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EXHIBIT 23.1

Consent of Independent Auditors

Vanguard Natural Resources, LLC
Houston, TX

We hereby consent to the incorporation by reference in the Registration Statements of Vanguard Natural Resources, LLC on Form S-3 (No. 333-159911, 333-168177 and 333-179050) and Form S-8 (No. 333-152448) of our rep ort dated March 12, 2013, relating to the statement of revenues and direct operating expenses of the properties acquired from Bill Barrett Corporation for the year ended December 31, 2011, which appears in this Form 8-K/A.

/s/ BDO USA, LLP

Houston, Texas
March 12, 2013

EXHIBIT 99.1

STATEMENTS OF REVENUES AND DIRECT OPERATING EXPENSES OF THE OIL AND GAS PROPERTIES ENCORE ENERGY PARTNERS OPERATING, LLC (A WHOLLY-OWNED SUBSIDIARY OF VANGUARD NATURAL RESOURCES, LLC) PURCHASED ON DECEMBER 31, 2012 FROM BILL BARRETT CORPORATION

REPORT OF INDEPENDENT AUDITORS

Board of Directors and Members
Vanguard Natural Resources, LLC
Houston, Texas

We have audited the accompanying statement of revenues and direct operating expenses of the oil and natural gas properties (the "Properties), as defined in Note 1, acquired on December 31, 2012 by Encore Energy Partners Operating, LLC (the "Company"), a wholly-owned subsidiary of Vanguard Natural Resources, LLC, from Bill Barrett Corporation (the "Seller") for the year ended December 31, 2011. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of revenues and direct operating expenses is free of material misstatement. An audit includes 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 internal control over the financial reporting associated with the Properties. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of revenues and direct operating expenses, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement of revenues and direct operating expenses 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 presentation of the results of the operations of the Properties.

In our opinion, the statement of revenues and direct operating expenses referred to above presents fairly, in all material respects, the revenues and direct operating expenses of the oil and natural gas properties purchased on December 31, 2012 by Encore Energy Partners Operating, LLC from the Seller for the year ended December 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

/s/ BDO USA, LLP

Houston, Texas
March 12, 2013

STATEMENTS OF REVENUES AND DIRECT OPERATING EXPENSES OF THE OIL AND GAS PROPERTIES ENCORE ENERGY PARTNERS OPERATING, LLC (A WHOLLY-OWNED SUBSIDIARY OF VANGUARD NATURAL RESOURCES, LLC) PURCHASED ON DECEMBER 31, 2012 FROM BILL BARRETT CORPORATION

(in thousands)

	For the Nine Months Ended September 30, 2012	For the Nine Months Ended September 30, 2011	For the Year Ended December 31, 2011
	(Unaudited)	(Unaudited)	
Revenues	$ 68,467	$ 106,987	$ 139,584
Direct operating expenses:			
Lease operating expense	(27,042)	(27,376)	(37,275)
Production and other taxes	(4,771)	(10,042)	(12,306)
Total direct operating expenses	(31,813)	(37,418)	(49,581)
Excess of revenues over direct operating expenses	$ 36,654	$ 69,569	$ 90,003

The accompanying notes are an integral part of this statement of revenues and direct operating expenses.

STATEMENTS OF REVENUES AND DIRECT OPERATING EXPENSES OF THE OIL AND GAS PROPERTIES ENCORE ENERGY PARTNERS OPERATING, LLC (A WHOLLY-OWNED SUBSIDIARY OF VANGUARD NATURAL RESOURCES, LLC) PURCHASED ON DECEMBER 31, 2012 FROM BILL BARRETT CORPORATION

Notes to the Financial Statements

Note 1: THE PROPERTIES

On November 5, 2012, Vanguard Natural Resources, LLC ("Vanguard" or the "Company") filed a Current Report on Form 8-K announcing that its wholly-owned subsidiary, Encore Energy Partners Operating, LLC ("Encore"), had entered into a Purchase and Sale Agreement, dated October 31, 2012, with Bill Barrett Corporation ("Seller") (the "PSA") to purchase natural gas and liquids assets in the Piceance Basin in Colorado and the Powder River and Wind River Basins in Wyoming (the "Properties") for approximately $335.0 million in cash, subject to adjustment. We refer to this acquisition as the "Rockies Acquisition." This acquisition had an effective date of October 1, 2012. With respect to the Piceance Basin properties, the Company has purchased an escalating working interest wherein its working interest begins at 18% but increases to 21% on January 1, 2014, 24% on January 1, 2015 and 26% on January 1, 2016. This structure was designed to maintain cash flow from the acquisition without the need for any capital spending until 2016. As reported in a Current Report on Form 8-K/A filed on January 3, 2013, the closing of this transaction was completed on December 31, 2012 for an aggregate adjusted purchase price of $324.7 million, subject to customary post-closing adjustments.

Note 2: BASIS OF PRESENTATION

During the periods presented, the Properties were not accounted for or operated as a separate division by the Seller. 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 financial statements represent Vanguard's net working interest in the properties acquired for the year ended December 31, 2011 and the nine months ended September 30, 2012 and 2011 and are presented on the accrual basis of accounting. The revenues and direct operating expenses presented herein relate only to the interests in the producing oil and natural gas properties acquired and do not represent all the oil and natural gas operations of the Seller, the other owners, or other third party working interest owners. Depreciation, depletion and amortization, interest, accretion, general and administrative expenses and corporate income taxes have been excluded. The financial statements presented are not indicative of the results of operations of the properties described above going forward due to changes in the business, including new commodity derivative contracts and inclusion of the above mentioned expenses.

The statements of revenues and direct operating expenses of the acquired Properties for the nine months ended September 30, 2012 and 2011 are unaudited. In the opinion of the Company's management, such statements include the adjustments and accruals which are necessary for a fair presentation of results for the Properties. These interim results are not necessarily indicative of results for a full year.

The Company reviewed events occurring after the date of the latest financial statement which could affect the Properties financial position and/or results of operations for the period. The Company reviewed and evaluated events t hrough March 12, 2013, the date these financial statements were issued.

Note 3: COMMITMENTS AND CONTINGENCIES

Pursuant to the terms of the PSA between the Company and the Seller, any obligations relating to claims, litigation or disputes pending as of the effective date (October 1, 2012) or any matters arising in connection with ownership of the Properties prior to the effective date are retained by the Seller. Notwithstanding this indemnification, the Company is not aware of any legal, environmental or other commitments or contingencies that would have a material effect on the statements of revenues and direct operating expenses, except as described below.

Effective with the acquisition of the Properties, the Company has assumed contracts that provide firm transportation capacity on pipeline systems. The remaining terms on these contracts range from one to seven years and require the Company to pay transportation demand charges regardless of the amount of pipeline capacity its utilizes.

The values in the table below represent gross future minimum transportation demand charges the Company, as operator of the related properties, is obligated to pay as of the effective date of the acquisition. However, the Company's financial statements will only reflect its proportionate share of the charges based on its working interest and net revenue interest, which will vary from property to property.

		(in thousands)
October 1 - December 31, 2012	$	1,644
2013		6,675
2014		5,777
2015		5,280
2016		4,823
2017		4,172
Thereafter		7,244
Total	$	35,615

STATEMENTS OF REVENUES AND DIRECT OPERATING EXPENSES OF THE OIL AND GAS PROPERTIES ENCORE ENERGY PARTNERS OPERATING, LLC (A WHOLLY-OWNED SUBSIDIARY OF VANGUARD NATURAL RESOURCES, LLC) PURCHASED ON DECEMBER 31, 2012 FROM BILL BARRETT CORPORATION

SUPPLEMENTAL OIL AND GAS INFORMATION
(UNAUDITED)

OIL AND GAS RESERVE INFORMATION

Proved oil and gas reserve quantities are based on internal estimates prepared by Vanguard and from information provided by the Seller, 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.

	Natural Gas	Crude Oil
	(MMcf)	(MBbl)
Total proved reserves:		
Balance, December 31, 2010	201,035	1,292
Revisions of previous estimates	15,954	(71)
Production	(25,988)	(119)
Balance, December 31, 2011	191,001	1,102
Proved developed	137,560	552
Proved undeveloped	53,441	550
Balance, December 31, 2011	191,001	1,102

Revisions of previous estimates of reserves are a result of changes in oil and natural gas prices, production costs, well performance and the reservoir engineer's methodology.

STATEMENTS OF REVENUES AND DIRECT OPERATING EXPENSES OF THE OIL AND GAS PROPERTIES ENCORE ENERGY PARTNERS OPERATING, LLC (A WHOLLY-OWNED SUBSIDIARY OF VANGUARD NATURAL RESOURCES, LLC) PURCHASED ON DECEMBER 31, 2012 FROM BILL BARRETT CORPORATION

SUPPLEMENTAL OIL AND GAS INFORMATION
(UNAUDITED)

FUTURE NET CASH FLOWS

The standardized measure of discounted future net cash flows relating to proved oil and natural gas reserves (Standardized Measure) is a disclosure requirement under Accounting Standards Codification (ASC) 932. The Standardized Measure does not purport to be, nor should it be interpreted to present, the fair value of the proved oil and natural gas reserves of the Properties, but does present a standardized disclosure concerning possible future net cash flows that would result under the assumptions used. An estimate of fair value would also take into account, among other things, the recovery of reserves not presently classified as proved, the value of unproved properties, and consideration of expected future economic and operating conditions.

Future cash inflows are based on the applicable historical oil and natural gas prices.

For the December 31, 2011 calculation in the following table, estimated future cash inflows were computed using the 12-month unweighted average first-day-of-the-month prices during 2011 of $92.71 per barrel of oil and $3.93 per MMBtu for natural gas with no escalation in future years. Operating costs, production and ad valorem taxes and future development costs are based on current costs with no escalation in future years. The estimated future net cash flows are then discounted at a rate of 10%. No deduction has been made for general and administrative expenses, interest expense, depreciation, depletion and amortization or for federal or state income taxes. Future income tax expense has not been computed as Vanguard is not a tax paying entity.

The following table sets forth unaudited information concerning future net cash flows for oil and natural gas reserves associated with the Properties.

(in thousands)	At December 31, 2011
Future cash inflows	$ 1,073,706
Future production costs	(234,373)
Future development costs	(147,384)
Future net cash flows	691,949
10 percent annual discount for estimated timing of cash flows	(314,101)
Discounted future net cash flows	$ 377,848

STATEMENTS OF REVENUES AND DIRECT OPERATING EXPENSES OF THE OIL AND GAS PROPERTIES VANGUARD NATURAL RESOURCES, LLC PURCHASED ON DECEMBER 31, 2012 FROM BILL BARRETT CORPORATION

SUPPLEMENTAL OIL AND GAS INFORMATION

(UNAUDITED)

The following table sets forth the principal sources of change in discounted future net cash flows associated with the Properties for the year ended December 31, 2011 *(in thousands)*.

Beginning of Year	$	313,274
Sales, net of production costs		(90,003)
Net change in prices and production costs		61,291
Changes in estimated future development costs		(16,391)
Previously estimated development costs incurred during the period		46,307
Accretion of discount		31,327
Revision of quantity estimates		35,785
Change in production rates, timing and other		(3,742)
End of Year	$	377,848

EXHIBIT 99.2

Vanguard Natural Resources, LLC and Subsidiaries

Unaudited Pro Forma Combined Financial Information

On December 31, 2010, Vanguard Natural Resources, LLC (the “Company” or “Vanguard”) acquired (the “ENP Purchase”) all of the member interests in Encore Energy Partners GP, LLC (“ENP GP”), the general partner of Encore Energy Partners LP (“ENP”) representing a 46.7% aggregate equity interest in ENP at the date of the ENP Purchase, from Denbury Resources Inc. We consolidated ENP as we had the ability to control the operating and financial decisions and policies of ENP through our ownership of ENP GP. On December 1, 2011, we acquired the remaining 53.4% of the ENP Units not held by us through a merger (the “ENP Merger”) with one of our wholly-owned subsidiaries. The ENP Merger was consummated through a unit-for-unit exchange whereby ENP’s public unitholders received 0.75 Vanguard common units in exchange for each ENP common unit they owned at closing. The transaction resulted in 18,420,606 additional common units being issued by Vanguard. We refer to the ENP Purchase and ENP Merger collectively as the “ENP Acquisition.”

On June 22, 2011, Vanguard and ENP entered into two purchase and sale agreements to acquire producing oil and natural gas assets in the Permian Basin in West Texas from a private seller. Vanguard and ENP agreed to purchase 50% of the assets from this acquisition for an aggregate of $85.0 million. We refer to this acquisition as the “Permian Basin Acquisition I.” This acquisition was completed on July 29, 2011 for an aggregate adjusted purchase price of $81.4 million. The effective date of this acquisition was May 1, 2011. The purchase price was funded with borrowings under financing arrangements existing at that time.

On April 4, 2012, Vanguard and its wholly-owned subsidiary VNR Finance Corp. ("VNRF"), completed a public offering of $350.0 million aggregate principal amount of 7.875% senior unsecured notes due 2020 (the “Senior Notes”), at a public offering price of 99.274%, resulting in aggregate net proceeds of $338.7 million, after underwriting discounts and financing fees. Interest on the Senior Notes is payable on April 1 and October 1 of each year, and began on October 1, 2012. We used a portion of the net proceeds from this offering to repay all indebtedness outstanding under our second lien term loan and applied the balance of the net proceeds to outstanding borrowings under our reserve-based credit facility. The repayment therefore resulted in an increase in the amount available to be borrowed under our reserve-based credit facility.

On June 1, 2012, Vanguard and its wholly-owned subsidiary Vanguard Permian, LLC entered into a purchase and sale agreement to acquire natural gas and liquids assets in the Woodford Shale and Fayetteville Shale of the Arkoma Basin for a purchase price of $445.0 million from Antero Resources Corporation ("Antero"), a wholly-owned subsidiary of Antero Resources LLC. We refer to this acquisition as the “Arkoma Basin Acquisition.” This acquisition was completed on June 29, 2012 for an aggregate adjusted purchase price of $428.5 million. The effective date of this acquisition was April 1, 2012. The purchase price was funded with borrowings under our reserve-based credit facility.

Also on June 29, 2012, in connection with the Arkoma Basin Acquisition, Vanguard entered into a second amendment to the Third Amended and Restated Credit Agreement (the “Amended Credit Agreement”). Pursuant to an interim borrowing base redetermination, under the Amended Credit Agreement, the borrowing base of our reserve-based credit facility was increased from $670.0 million to $975.0 million.

On October 9, 2012, Vanguard and VNRF, completed a public offering of an additional $200.0 million aggregate principal amount of 7.875% senior unsecured notes due 2020 (the “Additional Senior Notes”). We received net proceeds of approximately $196.4 million from this offering, after deducting underwriting discounts of $3.5 million and offering costs of $0.1 million. The Additional Senior Notes have identical terms, other than the issue date, and constitute part of the same series as and are fungible with the Senior Notes. We used the net proceeds from this offering to repay indebtedness outstanding under our reserve-based credit facility. Such repayment therefore resulted in an increase in the amount available to be borrowed under our reserve-based credit facility.

On October 31, 2012, Encore Energy Partners Operating, LLC (a wholly-owned subsidiary of Vanguard) entered into a purchase and sale agreement with Bill Barrett Corporation for the acquisition of natural gas and liquids properties in the Piceance Basin in Colorado and the Powder River and Wind River Basins in Wyoming. We refer to this acquisition as the “Rockies Acquisition.” This acquisition had an effective date of October 1, 2012. With respect to the Piceance Basin properties, we have purchased an escalating working interest wherein our working interest begins at 18% but increases to 21% on January 1, 2014, 24% on January 1, 2015 and 26% on January 1, 2016. This structure was designed to maintain cash flow from the acquisition without the need for any capital spending until 2016. We completed this acquisition on December 31, 2012 for an adjusted purchase price of $324.7 million, subject to post-closing adjustments to be determined. The purchase price was funded with borrowings under our reserve-based credit facility.

On December 31, 2012, we entered into the Third Amendment to the Credit Agreement, which included amendments that increased our borrowing base to $1.2 billion. The increase in borrowing base was also made pursuant to our interim borrowing base redetermination in connection with the closing of the Rockies Acquisition.

The following unaudited pro forma combined financial information is based on the historical consolidated financial statements of Vanguard, adjusted to reflect the Senior Notes offering, the Arkoma Basin Acquisition, the Additional Senior Notes offering and the Rockies Acquisition. Vanguard’s historical consolidated statements of operations have also been adjusted to give pro forma effect to the Permian Basin Acquisition I and the ENP Merger completed in 2011 as presented in Note 4 to the unaudited pro forma combined financial information.

The unaudited pro forma combined financial statements give effect to the events set forth below:

- Vanguard's and ENP’s Permian Basin Acquisition I completed during July 2011 and the increase in interest expense related to borrowings under financing arrangements existing at that time to fund the acquisition.
- The elimination of the nonrecurring loss which resulted from the impairment of goodwill related to the acquisition of natural gas and oil properties in the Permian Basin Acquisition I completed during 2011.
- The issuance of 18,420,606 Vanguard common units to ENP's public unitholders in exchange for each ENP common unit they owned at the closing of the ENP Merger.
- The elimination of certain general and administrative expenses resulting from ENP not being a separate public company after the completion of the ENP Merger.
- The Senior Notes offering and the increase in interest expense related to the Senior Notes, including the amortization of bond discount and deferred financing costs.
- The repayment of borrowings under the reserve-based credit facility and second lien term loan using the proceeds from the Senior Notes offering and the decrease in interest expense as a result of the repayment.
- The Arkoma Basin Acquisition completed during June 2012 and the increase in interest expense related to borrowings under the reserve-based credit facility.
- The elimination of the nonrecurring gain on acquisition of natural gas and liquids properties acquired in the Arkoma Basin Acquisition completed during 2012.
- The Additional Senior Notes offering and the increase in interest expense related to the Additional Senior Notes, including the amortization of deferred financing costs.
- The repayment of borrowings under the reserve-based credit facility and second lien term loan using the proceeds from the Senior Notes offering and the decrease in interest expense as a result of the repayment.
- The Rockies Acquisition completed in December 2012 and the increase in interest expense related to borrowings under the reserve-based credit facility.

The unaudited pro forma combined balance sheet gives effect to the Rockies Acquisition as if it had occurred on September 30, 2012. The unaudited pro forma combined statements of operations for the nine months ended September 30, 2012 and the year ended December 31, 2011 give effect to the ENP Merger, the Permian Basin Acquisition I, the Senior Notes offering, the Arkoma Basin Acquisition, the Additional Senior Notes offering and the Rockies Acquisition as if they had occurred on January 1, 2011.

The unaudited pro forma combined financial information should be read in conjunction with Vanguard's Form 10-K for the year ended December 31, 2011 and Vanguard's Form 10-Q for the quarter ended September 30, 2012.

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 ENP Merger, Permian Basin Acquisition I, the Senior Notes offering, the Arkoma Basin Acquisition, the Additional Senior Notes offering and the Rockies 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.

Unaudited Pro Forma Combined
Balance Sheet as of September 30, 2012
(In thousands)

	Vanguard Historical		Pro forma adjustments Rockies Acquisition (Note 2)		Vanguard Pro forma
Current assets					
Cash and cash equivalents	$ 24,420	$ 332,365	(b)		
		(328,765)	(a)		
		(3,600)	(b)	$ 24,420	
Trade accounts receivable, net	54,131	5,980	(a)	60,111	
Derivative assets	37,635	—		37,635	
Other current assets	2,497	929	(a)	3,426	
Total current assets	118,683	6,909		125,592	
Oil and natural gas properties, at cost	1,767,497	330,707	(a)	2,098,204	
Accumulated depletion, amortization and accretion	(290,466)	—		(290,466)	
Oil and natural gas properties evaluated, net	1,477,031	330,707		1,807,738	
Other assets					
Goodwill	420,955	—		420,955	
Derivative assets	46,077	—		46,077	
Other assets	29,181	3,600	(b)	32,781	
Total assets	$ 2,091,927	$ 341,216		$ 2,433,143	
Liabilities and members' equity					
Current liabilities					
Accounts payable:					
Trade	$ 6,861	$ —		$ 6,861	
Affiliate	317	—		317	
Accrued liabilities:		—			
Lease operating	6,042	1,865	(a)	7,907	
Developmental capital	7,463	—		7,463	
Interest	13,906	—		13,906	
Production taxes and marketing	15,147	—		15,147	
Derivative liabilities	4,279	—		4,279	
Deferred swap premium liability	274	—		274	
Oil and natural gas revenue payable	9,919	41	(a)	9,960	
Distribution payable	11,761	—		11,761	
Other	7,115	—		7,115	
Total current liabilities	83,084	1,906		84,990	
Long-term debt	570,000	132,365	(b)	702,365	
Senior notes, net of discount	347,572	200,000	(b)	547,572	
Derivative liabilities	11,230	—		11,230	
Asset retirement obligations, net of current portion	43,363	15,763	(a)	59,126	
Other long-term liabilities	3,443	—		3,443	
Total liabilities	1,058,692	350,034		1,408,726	
Members' equity					
Members' capital	1,029,943	(8,818)	(a)	1,021,125	
Class B units	3,292	—		3,292	
Total members' equity	1,033,235	(8,818)		1,024,417	
Total liabilities and members' equity	$ 2,091,927	$ 341,216		$ 2,433,143	

Unaudited Pro Forma Combined
Statement of Operations
for the Nine Months Ended September 30, 2012

	Vanguard historical	Pro forma adjustments Arkoma Basin Acquisition (Note 3)		Pro forma adjustments Rockies Acquisition (Note 3)		Vanguard pro forma combined
	(in thousands, except per unit amounts)					
Revenues:						
Oil, natural gas and natural gas liquids sales	$ 228,029	$ 35,772	(a)	$ 68,467	(h)	$ 332,268
Realized gain (loss) on other commodity derivative contracts	(756)	33,681	(b)	—		32,925
Unrealized gain (loss) on other commodity derivative contracts	9,243	(11,025)	(b)	—		(1,782)
Total revenues	236,516	58,428		68,467		363,411
Costs and Expenses						
Production:						
Lease operating expenses	54,754	20,260	(c)	27,042	(i)	102,056
Production and other taxes	21,164	370	(c)	4,771	(i)	26,305
Depreciation, depletion, amortization and accretion	73,897	18,251	(d)	33,921	(j)	126,069
Impairment of oil and natural gas properties	18,029	—		—		18,029
Selling, general and administrative expenses	15,298	2,921	(e)	—		18,219
Total costs and expenses	183,142	41,802		65,734		290,678
Income (loss) from operations	53,374	16,626		2,733		72,733
Other income and (expense)						
Interest expense	(27,548)	(9,651)	(f)	(15,081)	(k)	(52,280)
Realized loss on interest rate derivative contracts	(1,610)	—		—		(1,610)
Unrealized loss on interest rate derivative contracts	(5,507)	—		—		(5,507)
Net gain (loss) on acquisition of oil and natural gas properties	13,796	(14,126)	(g)	—		(330)
Other	191	—		—		191
Total other expense	(20,678)	(23,777)		(15,081)		(59,536)
Net income (loss)	$ 32,696	$ (7,151)		$ (12,348)		$ 13,197
Net income per Common and Class B unit						
Basic & diluted	$ 0.62					$ 0.25
Weighted average units outstanding	—					—
Common units – basic	52,135					52,135
Common units – diluted	52,188					52,188
Class B units – basic & diluted	420					420

Unaudited Pro Forma Combined
Statement of Operations
for the Year Ended December 31, 2011

	Vanguard pro forma (Note 4)	Pro forma adjustments Rockies Acquisition (Note 3)		Vanguard pro forma combined
	(in thousands, except per unit amounts)			
Revenues:				
Oil, natural gas and natural gas liquids sales	$ 436,491	$ 139,584	(h)	$ 576,075
Loss on commodity cash flow hedges	(3,071)	—		(3,071)
Realized gain on other commodity derivative contracts	49,682	—		49,682
Unrealized gain on other commodity derivative contracts	39,107	—		39,107
Total revenues	522,209	139,584		661,793
Costs and Expenses				
Production:				
Lease operating expenses	105,135	37,275	(i)	142,410
Production and other taxes	29,236	12,306	(i)	41,542
Depreciation, depletion, amortization and accretion	129,543	59,793	(j)	189,336
Selling, general and administrative expenses	24,752	—		24,752
Total costs and expenses	288,666	109,374		398,040
Income from operations	233,543	30,210		263,753
Other income and (expense)				
Interest expense	(61,897)	(19,294)	(k)	(81,191)
Realized loss on interest rate derivative contracts	(2,874)	—		(2,874)
Unrealized loss on interest rate derivative contracts	(2,088)	—		(2,088)
Net gain on acquisition of oil and natural gas properties	290	—		290
Other income	77	—		77
Total other expense	(66,492)	(19,294)		(85,786)
Net income	$ 167,051	$ 10,916		$ 177,967
Net income per Common and Class B unit				
Basic	$ 3.43			$ 3.66
Diluted	$ 3.43			$ 3.65
Weighted average units outstanding				
Common units – basic	48,226			48,226
Common units – diluted	48,286			48,286
Class B units – basic & diluted	420			420

NOTES TO UNAUDITED PRO FORMA
COMBINED FINANCIAL INFORMATION

Note 1 Basis of Presentation

On December 31, 2010, Vanguard Natural Resources, LLC (the “Company” or “Vanguard”) acquired (the “ENP Purchase”) all of the member interests in Encore Energy Partners GP, LLC (“ENP GP”), the general partner of Encore Energy Partners LP (“ENP”) representing a 46.7% aggregate equity interest in ENP at the date of the ENP Purchase, from Denbury Resources Inc. We consolidated ENP as we had the ability to control the operating and financial decisions and policies of ENP through our ownership of ENP GP. On December 1, 2011, we acquired the remaining 53.4% of the ENP Units not held by us through a merger (the “ENP Merger”) with one of our wholly-owned subsidiaries. The ENP Merger was consummated through a unit-for-unit exchange whereby ENP’s public unitholders received 0.75 Vanguard common units in exchange for each ENP common unit they owned at closing. The transaction resulted in 18,420,606 additional common units being issued by Vanguard. We refer to the ENP Purchase and ENP Merger collectively as the “ENP Acquisition.”

On June 22, 2011, Vanguard and ENP entered into two purchase and sale agreements to acquire producing oil and natural gas assets in the Permian Basin in West Texas from a private seller. Vanguard and ENP agreed to purchase 50% of the assets from this acquisition for an aggregate of $85.0 million. We refer to this acquisition as the “Permian Basin Acquisition I.” This acquisition was completed on July 29, 2011 for an aggregate adjusted purchase price of $81.4 million. The effective date of this acquisition was May 1, 2011. The purchase price was funded with borrowings under financing arrangements existing at that time.

On April 4, 2012, Vanguard and its wholly-owned subsidiary VNR Finance Corp. ("VNRF"), completed a public offering of $350.0 million aggregate principal amount of 7.875% senior unsecured notes due 2020 (the “Senior Notes”), at a public offering price of 99.274%, resulting in aggregate net proceeds of $338.7 million, after underwriting discounts and financing fees. Interest on the Senior Notes is payable on April 1 and October 1 of each year, and began on October 1, 2012. We used a portion of the net proceeds from this offering to repay all indebtedness outstanding under our second lien term loan and applied the balance of the net proceeds to outstanding borrowings under our reserve-based credit facility. The repayment therefore resulted in an increase in the amount available to be borrowed under our reserve-based credit facility.

On June 1, 2012, Vanguard and its wholly-owned subsidiary Vanguard Permian, LLC entered into a purchase and sale agreement to acquire natural gas and liquids assets in the Woodford Shale and Fayetteville Shale of the Arkoma Basin for a purchase price of $445.0 million from Antero Resources Corporation ("Antero"), a wholly-owned subsidiary of Antero Resources LLC. We refer to this acquisition as the “Arkoma Basin Acquisition.” This acquisition was completed on June 29, 2012 for an aggregate adjusted purchase price of $428.5 million. The effective date of this acquisition was April 1, 2012. The purchase price was funded with borrowings under our reserve-based credit facility.

Also on June 29, 2012, in connection with the Arkoma Basin Acquisition, Vanguard entered into a second amendment to the Third Amended and Restated Credit Agreement (the “Amended Credit Agreement”). Pursuant to an interim borrowing base redetermination, under the Amended Credit Agreement, the borrowing base of our reserve-based credit facility was increased from $670.0 million to $975.0 million.

On October 9, 2012, Vanguard and VNRF, completed a public offering of an additional $200.0 million aggregate principal amount of 7.875% senior unsecured notes due 2020 (the “Additional Senior Notes”). We received net proceeds of approximately $196.4 million from this offering, after deducting underwriting discounts of $3.5 million and offering costs of $0.1 million. The Additional Senior Notes have identical terms, other than the issue date, and constitute part of the same series as and are fungible with the Senior Notes. We used the net proceeds from this offering to repay indebtedness outstanding under our reserve-based credit facility. Such repayment therefore resulted in an increase in the amount available to be borrowed under our reserve-based credit facility.

On October 31, 2012, Encore Energy Partners Operating, LLC (a wholly-owned subsidiary of Vanguard) entered into a purchase and sale agreement with Bill Barrett Corporation for the acquisition of natural gas and liquids properties in the Piceance Basin in Colorado and the Powder River and Wind River Basins in Wyoming. We refer to this acquisition as the “Rockies Acquisition.” This acquisition had an effective date of October 1, 2012. With respect to the Piceance Basin properties, we have purchased an escalating working interest wherein our working interest begins at 18% but increases to 21% on January 1, 2014, 24% on January 1, 2015 and 26% on January 1, 2016. This structure was designed to maintain cash flow from the acquisition without the need for any capital spending until 2016. We completed this acquisition on December 31, 2012 for an adjusted purchase price of $324.7 million, subject to post-closing adjustments to be determined. The purchase price was funded with borrowings under our reserve-based credit facility.

Note 2 Unaudited Pro forma Combined Balance Sheet

Pro Forma Adjustment to the Unaudited Pro Forma Combined Balance Sheet

Adjustments (a) – (b) to the unaudited pro forma combined balance sheet as of September 30, 2012 are to reflect the Rockies Acquisition completed on December 31, 2012 as follows:

(a) To record the acquisition of certain natural gas and liquids properties, accounts receivable, other assets, oil and natural gas revenue payable, accrued lease operating expenses and imbalance liabilities and asset retirement obligations associated with the oil and natural gas and liquids properties acquired.

(b) To record the financing of the acquisition with borrowings under the reserve-based credit facility and Additional Senior Notes offering.

Total cash consideration paid at closing was $328.8 million. After post closing adjustments of $4.1 million, the total fair value of the consideration transferred was $324.7 million. 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 goodwill of $8.8 million, calculated in the following table, which was immediately impaired and recorded as a loss. The loss 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.

Fair value of assets and liabilities acquired:		**(in thousands)**
Oil and natural gas properties	$	330,707
Other assets		929
Asset retirement obligations		(15,763)
Oil and natural gas revenue payable and imbalance liabilities		(41)
Total fair value of assets and liabilities acquired		315,832
Fair value of consideration transferred		324,650
Loss on acquisition	$	(8,818)

Note 3 Unaudited Pro Forma Combined Statements of Operations

The unaudited pro forma combined statements of operations for the nine month period ended September 30, 2012 and for the year ended December 31, 2011 for the Rockies Acquisition and for the nine month period ended September 30, 2012 for the Arkoma Basin Acquisition include adjustments to reflect the following:

(a) Represents the increase in oil, natural gas and natural gas liquids sales resulting from the Arkoma Basin Acquisition completed during June 2012.
(b) Represents the increase in realized and unrealized gains and losses on commodity derivative contracts resulting from the Arkoma Basin Acquisition completed during June 2012.
(c) Represents the increase in lease operating expenses and production and other taxes resulting from the Arkoma Basin Acquisition completed during June 2012.
(d) Represents the increase in depreciation, depletion, amortization and accretion resulting from the Arkoma Basin Acquisition completed during June 2012.
(e) Represents the increase in selling, general and administrative expenses resulting from the Arkoma Basin Acquisition completed during June 2012.
(f) Represents the adjustment to interest expense related to borrowings under the reserve-based credit facility to fund the Arkoma Basin Acquisition completed during June 2012, offset by the reduction in interest expense resulting from the repayment of borrowings under the reserve-based credit facility and second lien term loan, which were repaid using proceeds from the Senior Notes. In addition, the adjustment represents the pro forma interest expense related to the Senior Notes offering, including the amortization of bond discount and deferred financing costs.
(g) Represents the elimination of nonrecurring gain on acquisition of natural gas and liquids properties acquired in the Arkoma Basin Acquisition.
(h) Represents the increase in oil, natural gas and natural gas liquids sales resulting from the Rockies Acquisition completed during December 2012.
(i) Represents the increase in lease operating expenses and production and other taxes resulting from the Rockies Acquisition completed during December 2012.
(j) Represents the increase in depreciation, depletion, amortization and accretion resulting from the Rockies Acquisition completed during December 2012.
(k) Represents the adjustment to interest expense related to borrowings under the reserve-based credit facility to fund the Rockies Acquisition completed during December 2012, offset by the reduction in interest expense resulting from the repayment of borrowings under the reserve-based credit facility, which were repaid using proceeds from the Additional Senior Notes offering. In addition, the adjustment represents the pro forma interest expense related to the Additional Senior Notes, including the amortization of bond discount and deferred financing costs.

Note 4 Vanguard's Unaudited Pro Forma Consolidated Statement of Operations

Vanguard’s unaudited pro forma consolidated statement of operations included in the unaudited pro forma combined statement of operations for the year ended December 31, 2011 give effect to the ENP Merger, the Permian Basin Acquisition I, the Senior Notes offering and the Arkoma Basin Acquisition as if they had occurred on January 1, 2011 as follows:

Vanguard Unaudited Pro Forma
Consolidated Statement of Operations
for the Year Ended December 31, 2011

	Vanguard Historical	Pro forma adjustments Permian Basin Acquisition I		Pro forma Encore Merger		Pro forma Arkoma Basin Acquisition		Vanguard Pro forma Combined
	(in thousands, except per unit amounts)							
Revenues:								
Oil, natural gas and natural gas liquids sales	$ 312,842	$ 10,848	(a)	$ —		$ 112,801	(i)	$ 436,491
Loss on commodity cash flow hedges	(3,071)	—		—		—		(3,071)
Realized gain on other commodity derivative contracts	10,276	—		—		39,406	(i)	49,682
Unrealized gain (loss) on other commodity derivative contracts	(470)	—		—		39,577	(i)	39,107
Total revenues	319,577	10,848		—		191,784		522,209
Costs and Expenses								
Production:								
Lease operating expenses	63,944	3,528	(b)	—		37,663	(i)	105,135
Production and other taxes	28,621	—		—		615	(i)	29,236
Depreciation, depletion, amortization and accretion	84,857	4,031	(c)	—		40,655	(j)	129,543
Selling, general and administrative expenses	19,779	—		(2,635)	(f)	7,608	(i)	24,752
Total costs and expenses	197,201	7,559		(2,635)		86,541		288,666
Income from operations	122,376	3,289		2,635		105,243		233,543
Other income and (expense)								
Interest expense	(28,994)	(1,683)	(d)	—		(2,561)	(k)	
						(28,659)	(l)	(61,897)
Realized gain (loss) on interest rate derivative contracts	(2,874)	—		—		—		(2,874)
Unrealized gain (loss) on interest rate derivative contracts	(2,088)	—		—		—		(2,088)
Net gain (loss) on acquisition of oil and natural gas properties	(367)	657	(e)	—		—		290
Other income	77	—		—		—		77
Total other income (expense)	(34,246)	(1,026)		—		(31,220)		(66,492)
Net income	$ 88,130	$ 2,263		$ 2,635		$ 74,023		$ 167,051
Less: Net income attributable to non-controlling interest	(26,067)	—		26,067	(g)	—		—
Net income attributable to Vanguard unitholders	$ 62,063	$ 2,263		$ 28,702		$ 74,023		$ 167,051
Net income per Common and Class B unit								
Basic & diluted	$ 1.95							$ 3.43
Weighted average units outstanding								
Common units – basic	31,370			16,856	(h)			48,226
Common units – diluted	31,430			16,856	(h)			48,286
Class B units – basic & diluted	420							420

Vanguard's unaudited pro forma consolidated statements of operations include the following adjustments:

(a) Represents the increase in oil, natural gas and natural gas liquids sales resulting from the Permian Basin Acquisition I completed during 2011.

(b) Represents the increase in lease operating expenses resulting from the Permian Basin Acquisition I completed during 2011.

(c) Represents the increase in depreciation, depletion, amortization and accretion resulting from the Permian Basin Acquisition I completed during 2011.

(d) Represents the pro forma interest expense related to borrowings under financing arrangement existing at that time to fund the Permian Basin Acquisition I completed during 2011.

(e) Represents the elimination of the nonrecurring loss which resulted from the impairment of goodwill related to the acquisition of natural gas and oil properties in the Permian Basin Acquisition I completed during 2011.

(f) Represents the elimination of certain general and administrative expenses resulting from ENP not being a separate public company after the completion of the ENP Merger, including director-related expenses, directors' and officers' liability insurance premiums, NYSE listing fees and SEC filing fees.

(g) Elimination of the allocation of net income to non-controlling interest as a result of the ENP Merger.

(h) Represents the adjustment for the weighted average number of units from the issuance of 18,420,606 Vanguard common units under the terms of the ENP Merger, whereby ENP's public unitholders received 0.75 Vanguard common units for each ENP common unit held at closing.

(i) Represents increase in revenues and expenses related to the properties acquired in the Arkoma Basin Acquisition completed during June 2012.

(j) Represents the change in depreciation, depletion, amortization and accretion related to the Arkoma Basin Acquisition completed during June 2012 primarily resulting from the pro forma calculation of the combined entity’s depletion expense under the full cost method of accounting for oil and natural gas properties.

(k) Represents the adjustment to interest expense related to borrowings under the reserve-based credit facility to fund the Arkoma Basin Acquisition completed during June 2012, offset by the reduction in interest expense resulting from the repayment of borrowings under the reserve-based credit facility and second lien term loan, which were repaid using proceeds from the Senior Notes offering.

(l) Represents the pro forma interest expense related to the Senior Notes, including the amortization of bond discount and deferred financing costs.

EXHIBIT 99.3

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, 2011. This pro forma information gives effect to the ENP Merger, the Permian Basin Acquisition I, the Arkoma Basin Acquisition and the Rockies Acquisition as if they occurred on January 1, 2011. 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, 2011 are as follows:

	Gas (in MMcf)					
	Vanguard historical	Permian Basin Acquisition I	Arkoma Basin Acquisition	Rockies Acquisition	Pro forma Adjustments	Vanguard pro forma combined [d]
Net proved reserves						
January 1, 2011	153,943 [a]	30,424	823,000	201,035	—	1,208,402
Revisions of previous estimates	(9,154)	(21,965)	(288,000)	15,954	(250,645) [b]	(553,810)
Extensions, discoveries and other	325	—	92,000	—	—	92,325
Purchases of reserves in place	28,202	—	—	—	(7,497) [c]	20,705
Sales of reserves in place	(73)	—	(1,000)	—	—	(1,073)
Production	(10,413)	(962)	(33,000)	(25,988)	—	(70,363)
December 31, 2011	162,830	7,497	593,000	191,001	(258,142)	696,186

	Oil (in MBbls)					
	Vanguard historical	Permian Basin Acquisition I	Arkoma Basin Acquisition	Rockies Acquisition	Pro forma Adjustments	Vanguard pro forma combined [d]
Net proved reserves						
January 1, 2011	38,121 [a]	64	—	1,292	—	39,477
Revisions of previous estimates	4,823	560	—	(71)	39 [b]	5,351
Extensions, discoveries and other	92	—	—	—	—	92
Purchases of reserves in place	4,578	—	—	—	(566) [c]	4,012
Sales of reserves in place	(85)	—	—	—	—	(85)
Production	(2,726)	(58)	—	(119)	—	(2,903)
December 31, 2011	44,803	566	—	1,102	(527)	45,944

	Natural Gas Liquids (in MBbls)							
	Vanguard historical		Permian Basin Acquisition I	Arkoma Basin Acquisition	Rockies Acquisition	Pro forma Adjustments		Vanguard pro forma combined [d]
Net proved reserves								
January 1, 2011	5,508	[a]	1,622	12,000	—	—		19,130
Revisions of previous estimates	(72)		683	(2,000)	—	189	[b]	(1,200)
Extensions, discoveries and other	—		—	2,000	—	—		2,000
Purchases of reserves in place	2,380		—	—	—	(2,158)	[c]	222
Production	(431)		(147)	—	—	—		(578)
December 31, 2011	7,385		2,158	12,000	—	(1,969)		19,574

(a) Includes 100% aggregate equity interest in ENP to give pro forma effect to the ENP Merger.

(b) Represents the change in Vanguard's estimated proved reserves compared to Antero's estimated proved reserves on properties acquired in the Arkoma Basin Acquisition. The significant decrease in estimated proved natural gas reserves is related to locations where Vanguard does not plan to undertake development activities.

(c) To adjust the amount of purchases of reserves representing the Permian Basin I Acquisition during 2011 included in Vanguard's historical information. The pro forma effect of this acquisition is presented separately in the table above.

(d) Includes Vanguard's, the Permian Basin Acquisition I's, the Arkoma Basin Acquisition's and the Rockies Acquisition's estimated net proved and proved developed oil, natural gas and natural gas liquids reserves as of December 31, 2011.

	Vanguard historical	Arkoma Basin Acquisition	Rockies Acquisition	Pro forma adjustment [a]	Vanguard pro forma combined [b]
Estimated proved reserves:					
Natural Gas (MMcf)	162,830	593,000	191,001	(250,645)	696,186
Oil (MBbls)	44,803	—	1,102	39	45,944
Natural Gas Liquids (MBbls)	7,385	12,000	—	189	19,574
MBOE	79,326	110,833	32,935	(41,547)	181,548
Estimated proved developed reserves:					
Natural Gas (MMcf)	131,477	226,000	137,560	(3,484)	491,553
Oil (MBbls)	40,090	—	552	39	40,681
Natural Gas Liquids (MBbls)	6,173	2,000	—	1,141	9,314
MBOE	68,176	39,667	23,479	599	131,921

(a) Represents the change in Vanguard's estimated proved reserves compared to Antero's estimated proved reserves on properties acquired in the Arkoma Basin Acquisition. The significant decrease in estimated proved natural gas reserves is related to locations where Vanguard does not plan to undertake development activities.

(b) Includes Vanguard's, the Permian Basin Acquisition I's, the Arkoma Basin Acquisition's and the Rockies Acquisition's estimated net proved and proved developed oil, natural gas and natural gas liquids reserves as of December 31, 2011.

The pro forma standardized measure of discounted future net cash flows relating to the combined proved oil, natural gas and natural gas liquids reserves at December 31, 2011 is as follows (in thousands):

	Vanguard Historical	Arkoma Basin Acquisition	Rockies Acquisition	Pro forma adjustment [a]	Vanguard pro forma combined [b]
Future cash inflows	$ 5,102,442	$ 2,357,000	$ 1,073,706	$ (1,087,864)	$ 7,445,284
Future production costs	(1,701,143)	(483,000)	(234,373)	146,595	(2,271,921)
Future development costs	(143,156)	(664,000)	(147,384)	429,175	(525,365)
Future net cash flows before income tax	3,258,143	1,210,000	691,949	(512,094)	4,647,998
Future income tax expense	—	(131,000)	—	131,000	—
Future net cash flows	3,258,143	1,079,000	691,949	(381,094)	4,647,998
10% annual discount for estimated timing of cash flows	(1,781,910)	(694,000)	(314,101)	258,290	(2,531,721)
Standardized measure of discounted future net cash flows	$ 1,476,233	$ 385,000	$ 377,848	$ (122,804)	$ 2,116,277

(a) Represents the reduction in future net cash flows and discounted future net cash flows relating to the properties acquired in the Arkoma Basin Acquisition primarily related to locations where Vanguard does not plan to undertake development activities. The adjustments also include the elimination of future tax expense since Vanguard is not a taxable entity.

(b) The pro forma standardized measure includes Vanguard, the Permian Basin Acquisition I, the Arkoma Basin Acquisition and the Rockies Acquisition.

For the December 31, 2011 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 unweighted average first-day-of-the-month price ("12-month average price), adjusted for quality, transportation fees and a regional price differential. The 12-month average prices are as follows:

	Vanguard Historical	Arkoma Basin Acquisition	Rockies Acquisition
Oil (Price/Bbl)	$ 96.24	—	$ 92.71
Natural Gas (Price/Mcf)	$ 4.12	$ 3.90	$ 3.93

We may receive amounts different than the standardize 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 pro forma combined standardized measure of discounted future net cash flows for the year ended December 31, 2011 (in thousands):

	Vanguard historical	Permian Basin Acquisition I	Arkoma Basin Acquisition	Rockies Acquisition	Pro forma Adjustments	Vanguard pro forma combined [(a)]
Sales and transfers, net of production costs	$ (220,277)	$ (18,796)	$ (75,000)	$ (90,003)	$ —	$ (404,076)
Net changes in prices and production costs	325,906	—	(52,000)	61,291	—	335,197
Extensions discoveries and improved recovery, less related costs	3,665	—	65,000	—	—	68,665
Changes in estimated future development costs	(8,283)	—	(43,000)	(16,391)	—	(67,674)
Previously estimated development costs incurred during the period	34,096	—	40,000	46,307	—	120,403
Revision of previous quantity estimates	70,777	—	(199,000)	35,785	—	(92,438)
Accretion of discount	111,845	—	60,000	31,327	—	203,172
Purchases of reserves in place	214,225	—	—	—	(56,247) [(b)]	157,978
Sales of reserves in place	(2,707)	—	(1,000)	—	—	(3,707)
Net change in income taxes	—	—	90,000	—	—	90,000
Change in production rates, timing and other	(171,462)	(7,678)	17,000	(3,742)	(122,804) [(c)]	(288,686)
Net change in standardized measure	357,785	(26,474)	(98,000)	64,574	(179,051)	118,834
Standardized measure, January 1, 2011	1,118,448 [(d)]	82,721	483,000	313,274	—	1,997,443
Standardized measure, December 31, 2011	$ 1,476,233	$ 56,247	$ 385,000	$ 377,848	$ (179,051)	$ 2,116,277

(a) The pro forma standardized measure includes Vanguard, the Permian Basin Acquisition I, the Arkoma Basin Acquisition and the Rockies Acquisition.

(b) To adjust the amount of purchases of reserves representing the Permian Basin I Acquisition during 2011 included in Vanguard's historical information. The pro forma effect of this acquisition is presented separately in the table above.

(c) Represents the change in estimates relating to the properties acquired in the Arkoma Basin Acquisition primarily related to locations where Vanguard does not plan to undertake development activities.

(d) Includes 100% aggregate equity interest in ENP to give pro forma effect to the ENP Merger.