
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): **February 8, 2010**

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 5.02 Department of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Employment Agreements. Vanguard Natural Resources, LLC (the “Company”) is the parent of VNR Holdings, LLC, a Delaware limited liability company (“VNRH”). The Company and VNRH initially entered into employment agreements with the following named executive officers, effective as follows: Scott W. Smith, originally effective October 9, 2006, and Richard A. Robert, originally effective January 1, 2007. The Company and VNRH later entered into amended and restated employment agreements with Messrs. Smith and Robert, effective April 18, 2007 (the “Executive Employment Agreements”). The Company has previously described the material terms of both of the Executive Employment Agreements in the Registration Statement under the Securities Act of 1933 filed with the Securities and Exchange Commission on April 25, 2007.

On February 8, 2010, the Company and VNRH entered into second amended and restated Executive Employment Agreements (the “Amended Agreements”) with each of Messrs. Smith and Robert, respectively, in order to set forth in writing the new terms of the named executive officers’ employment relationship with VNRH. The new term of the Amended Agreements will continue until January 1, 2013, with subsequent one year renewals in the event that neither the Company, VNRH nor the executives have given notice to the other parties that the agreements should not be extended. The annual base salaries for the executives were increased from \$225,000 to \$295,000 for Mr. Smith, and from \$225,000 to \$275,000 in the case of Mr. Robert. The Amended Agreements also include a new annual bonus structure for the executives. The annual bonus will be composed of two company performance elements, absolute target distribution growth and relative unit performance to peer group, as well as a third discretionary element to be determined by the Company’s board of directors. Each of the three components will comprise an equal one-third of each annual bonus. The annual bonus does not require a minimum payout, although the maximum payout may not exceed two times the respective executive’s annual base salary.

In the event of the Company’s change of control, the Amended Agreements will provide a change in control payment to each of the executives in the amount of two times their then-current base salary and annual bonus, and the value of any restricted unit awards that became vested in the year immediately prior to the change of control, although this payment is capped at \$2,000,000 despite the value of the individual components for that year. Any outstanding restricted units or phantom units held by the executives at the time of the change of control shall be accelerated and settled according to the terms of the Vanguard Natural Resources, LLC Long-Term Incentive Plan (the “LTIP”) and any applicable individual award agreement. A “Change of Control” shall be defined for purposes of the Amended Agreements by utilizing the “Change of Control” definition contained within the LTIP at the time a change of control occurs. For reference, the LTIP has been previously described and filed with the Securities Exchange Commission on the Company’s Current Report on Form 8-K on October 24, 2007. In the event such a change of control payment creates an excise tax for either of the executives pursuant to section 4999 of the Internal Revenue Code of 1986, as amended (the “Code”), the executives will receive a gross-up payment in an amount necessary to cover the additional excise taxes, though such a gross-up will not apply to any Federal, state or local taxes that were imposed upon the change of control payment that originally gave rise to the excise taxes.

The Amended Agreements contain the same non-competition, non-solicitation and confidentiality provisions as the executives’ original employment agreements, as well as continue to require the executives to sign a release in the Company’s favor prior to receiving any severance payments pursuant to the Amended Agreements. Severance payments pursuant to the executives’ termination for reasons other than “Cause” also remain consistent with the original employment agreements.

The Amended Agreements also provide for equity-based awards in connection with the entrance into to the Amended Agreements, as described below.

The foregoing summary description of the Amended Agreements is not intended to be complete and is qualified in its entirety by the complete text of the Amended Agreements, which are attached as exhibits hereto.

Grants of Equity-Based Compensation Awards. Messrs. Smith and Robert will each receive 15,000 restricted units granted pursuant to the LTIP, as well as an annual grant of 15,000 phantom units granted pursuant to the LTIP.

The restricted unit agreements are subject to a restricted period of three years. One-third of the aggregate number of the units will vest on each one-year anniversary of the date of grant so long as the Executive remains continuously employed with the Company. In the event the executives are terminated without “Cause,” or the executive resigns for “Good Reason” (each term of which is defined in the executive’s respective Amended Agreement), or the executive is terminated due to his death or “Disability” (as such term is defined in the Amended Agreement), all unvested outstanding restricted units shall receive accelerated vesting. Where the executive is terminated for “Cause,” all restricted units, whether vested or unvested, will be forfeited. Upon the occurrence of a “Change of Control,” (as defined in the LTIP), all unvested outstanding restricted units shall receive accelerated vesting.

The phantom units are also subject to a three year vesting period, although the vesting is not pro-rata, but a one-time event which shall occur on the three year anniversary of the date of grant so long as the Executive remains continuously employed with the Company during such time. The phantom units are accompanied by dividend equivalent rights, which entitle the executives to receive the value of any dividends made by the Company on its units generally with respect to the number of phantom shares that executive received pursuant to this grant. In the event the executive is terminated for “Cause” (as such term is defined in the Amended Agreement), all phantom units, whether vested or unvested, will be forfeited. The phantom units, once vested, shall be settled upon the earlier to occur of (a) the occurrence of a “Change of Control,” (as defined in the LTIP), or (b) the executive’s separation from service (as defined in section 409A of the Code).

Both the restricted units and the phantom units will be subject to all the terms and conditions of the LTIP as well as the individual award agreements which govern the equity-based compensation awards. Neither the restricted units nor the phantom units are transferable other than by will or the laws of descent and distribution. The Company shall withhold from the settlement or payment of the awards, as applicable, any amounts or shares of units necessary to satisfy the Company’s withholding obligations.

The foregoing summary description of the restricted unit agreements and the phantom unit agreements is not intended to be complete and is qualified in its entirety by the complete text of such agreements, which are attached as exhibits hereto.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

Exhibit No.	Description
10.1	Second Amended and Restated Employment Agreement, by and between Vanguard Natural Resources, LLC, VNR Holdings, LLC. and Scott W. Smith
10.2	Second Amended and Restated Employment Agreement, by and between Vanguard Natural Resources, LLC, VNR Holdings, LLC. and Richard A. Robert
10.3	Restricted Unit Award Agreement, by and between Vanguard Natural Resources, LLC, VNR Holdings, LLC. and Scott W. Smith
10.4	Restricted Unit Award Agreement, by and between Vanguard Natural Resources, LLC, VNR Holdings, LLC. and Richard A. Robert
10.5	Phantom Unit Award Agreement, by and between Vanguard Natural Resources, LLC, VNR Holdings, LLC. and Scott W. Smith
10.6	Phantom Unit Award Agreement, by and between Vanguard Natural Resources, LLC, VNR Holdings, LLC. and Richard A. Robert

SIGNATURE

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.

Date: February 8, 2010

By: /s/ Scott W. Smith
Scott W. Smith
President and Chief Executive Officer

EXHIBIT INDEX

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SECOND AMENDED AND RESTATED EMPLOYMENT AGREEMENT

SCOTT W. SMITH

This **SECOND AMENDED AND RESTATED EMPLOYMENT AGREEMENT**, effective as of January 1, 2010, is by and between VNR Holdings, LLC, a Delaware limited liability company ("*VNRH*"), Vanguard Natural Resources, LLC, a Delaware limited liability company ("*Parent*") and Scott W. Smith (the "*Executive*").

WHEREAS, effective on October 9, 2006, Nami Holding Company, LLC (now Vanguard Natural Gas, LLC) and Executive entered in an employment agreement (the "*Initial Agreement*");

WHEREAS, the parties determined to amend the Initial Agreement by that certain Amended Employment Agreement dated April 18, 2007 (the "*Amended Agreement*"), which terminated the Initial Agreement;

WHEREAS, VNRH provided Executive with notice on September 30, 2009 that, in anticipation of formalizing the terms and conditions of the Executive's employment relationship in newly amended employment agreement, the Amended Agreement would not be renewed past its then-current term of December 31, 2009;

WHEREAS, VNRH desires to employ Executive and Executive desires to be employed by VNRH in said capacity;

WHEREAS, the parties desire to set forth in writing the terms and conditions of their understandings and agreements in this Second Amended and Restated Employment Agreement (this "*Agreement*");

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, VNRH hereby agrees to employ Executive and Executive hereby accepts such employment upon the terms and conditions set forth in this Agreement:

1. Employment Period.

(a) Subject to Section 6, VNRH hereby agrees to employ Executive, and Executive hereby agrees to be employed by VNRH, in accordance with the terms and provisions of this Agreement, for the period commencing as of the date hereof (the "*Effective Date*") and ending on January 1, 2013 (the "*Employment Period*"); provided, however, that the Employment Period shall automatically be renewed and extended for an additional period of twelve (12) months commencing on January 1, 2013 and expiring on January 1, 2014, and on each successive January 1 thereafter, unless at least ninety (90) days prior to the ensuing expiration date (but no more than twelve (12) months prior to such expiration date), VNRH or Executive shall have given ninety (90) days written notice to the other that it or he, as applicable, does not wish to extend this Agreement (a "*Non-Renewal Notice*"). The term "*Employment Period*," as utilized in this Agreement, shall refer to the Employment Period as so automatically extended.

(b) During the term of Executive's employment with VNRH, Executive shall serve as the President and Chief Executive Officer of VNRH and the Parent (together, the "*Company*") the Company and in so doing, shall report to the Board of Managers or Directors, as applicable, of the Company (the "*Board*"). Executive shall have supervision and control over, and responsibility for, such management and operational functions of the Company currently assigned to such positions, and shall have such other powers and duties (including holding officer positions with the Company and one or more subsidiaries of the Company) as may from time to time be prescribed by the Board, so long as such powers and duties are reasonable and customary for the President and Chief Executive Officer of an enterprise comparable to the Company.

(c) During the term of Executive's employment with VNRH, and excluding any periods of vacation and sick leave to which Executive is entitled, Executive agrees to devote substantially all of his business time to the business and affairs of VNRH and, to the extent necessary to discharge the responsibilities assigned to Executive hereunder, to use Executive's reasonable best efforts to perform faithfully, effectively and efficiently such responsibilities. During the term of Executive's employment with VNRH, it shall not be a violation of this Agreement for Executive to (i) serve on corporate, civic or charitable boards or committees, (ii) deliver lectures or fulfill speaking engagements and (iii) manage personal investments, so long as such activities do not materially interfere with the performance of Executive's responsibilities as an employee of the Company in accordance with this Agreement.

(d) The parties expressly acknowledge that any performance of Executive's responsibilities hereunder shall necessitate, and the Company shall provide, access to or the disclosure of Confidential Information (as defined in Section 10(a) below) to Executive and that Executive's responsibilities shall include the development of the Company's goodwill through Executive's contacts with the Company's customers and suppliers.

2. Compensation.

(a) *Base Salary.* VNRH shall pay Executive an annual base salary ("*Base Salary*") at the rate of \$295,000 for the period commencing on the Effective Date and ending on the Date of Termination. The Board will review Executive's Base Salary on an annual basis beginning with the employment year beginning on April 30, 2011, and may increase the Base Salary in such amounts or percentages as the Board shall deem appropriate, if any. The Board may not decrease the Executive's annual Base Salary without his prior written approval. Base Salary shall be payable in accordance with the ordinary payroll practices of VNRH, but in no event shall the Base Salary be paid to Executive less frequently than monthly. The term "Base Salary" as used in this Agreement shall refer to the Base Salary as it may be so adjusted from time to time.

(b) *Annual Bonus.* Executive shall be eligible to receive an annual bonus (the "*Annual Bonus*") based upon VNRH's unit price performance and/or the achievement of annual performance targets; such terms and conditions of Executive's Annual Bonus for each calendar year within the Employment Period are set forth in Appendix A hereto..

3. Employee Benefits.

(a) During the Employment Period, VNRH shall provide Executive with coverage under all employee pension and welfare benefit programs, plans and practices, which VNRH makes available to its senior executives (including, without limitation, participation in health, dental, group life, disability, retirement and all other plans and fringe benefits to the extent generally provided to such senior executives), commensurate with his position in the Company, to the extent permitted under the employee benefit plan or program, and in accordance with the terms of the program and/or plan.

(b) Executive shall be entitled to vacation time generally available to executive employees of VNRH (but no less than fifteen (15) business days paid vacation in each calendar year). Such vacation time shall accrue at a rate of one and a quarter (1.25) vacation days for each calendar month worked; provided, however, that during any given calendar year, Executive shall be able to take vacation days that will accrue during that calendar year, even if such days have not yet accrued. A maximum of five (5) business days of accrued but unused vacation may be carried over from one calendar year to the next.

(c) Executive is authorized to incur reasonable expenses in carrying out his duties and responsibilities under this Agreement and promoting the business of the Company, including, without limitation, reasonable expenses for travel, lodgings, entertainment and similar items related to such duties and responsibilities. VNRH will promptly reimburse Executive for all such expenses upon presentation by Executive of appropriately itemized and approved (consistent with VNRH's policy) accounts of such expenditures, in accordance with the Company's expense reimbursement policy; provided, however, that in no event shall the expense reimbursement be made after the last day of the taxable year following the year in which the expense was incurred by Executive, although in the event that the reimbursement would constitute taxable income to Executive, such reimbursements will be paid no later than March 15th of the calendar year following the calendar year in which the expense was incurred. No reimbursement or expenses eligible for reimbursement in any taxable year shall affect the expenses eligible for reimbursement in any other taxable year, nor may the right to receive a reimbursement of expenses be subject to liquidation or exchanged for another benefit.

4. **Restricted Units and Phantom Units.**

(a) *Restricted Units.* As of the Effective Date, Executive shall receive an initial grant (the "**2010 Restricted Units**") of 15,000 restricted common units of Parent (the "**Restricted Units**") pursuant to the Vanguard Natural Resources, LLC Long-Term Incentive Plan (the "**LTIP**"). The terms and conditions of the 2010 Restricted Units are set forth in Appendix B hereto. Executive may receive additional restricted common units of Parent from time to time at the Board's sole discretion during the Employment Period, although the Board shall conduct an annual review beginning on April 30, 2011 to determine the appropriateness of granting additional restricted units to Executive at that time.

(b) *Phantom Units.* As of the Effective Date, Executive shall receive an initial grant (the "**2010 Phantom Units**") of 15,000 phantom units ("**Phantom Units**") pursuant to the LTIP. The terms and conditions of the 2010 Phantom Units are set forth in Appendix C hereto. Executive shall receive an additional grant of 15,000 phantom common units of Parent on an annual basis in connection with each anniversary of the Effective Date during the Employment Period, the terms and conditions of such grant to be substantially the same as those described in Appendix C for the 2010 Phantom Units.

5. **Change of Control.**

(a) *Definition of Change of Control.* For purposes of this Agreement, a "**Change of Control**" shall have the same meaning as such term in the Company's LTIP. For the sake of convenience herein, as of the Effective Date, the LTIP states that a "Change of Control" means, and shall be deemed to have occurred upon one or more of the following events:

(i) Any "person" or "group" within the meaning of those terms as used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended, other than an affiliate of Parent, shall become the beneficial owner, by way of merger, consolidation, recapitalization, reorganization or otherwise, of fifty percent (50%) or more of the combined voting power of the equity interests in Parent;

(ii) The members of Parent approve, in one or a series of transactions, a plan of complete liquidation of Parent; or

(iii) The sale or other disposition by the Company of all or substantially all of its assets in one or more transactions to any person other than Parent or an affiliate of Parent.

Notwithstanding the foregoing, with respect to a payment that is subject to section 409A of the Code, a "Change of Control" shall mean a "change of control event" as defined in the regulations and guidance issued under section 409A of the Internal Revenue code of 1986, as amended (the "**Code**").

(b) *Change of Control Payments.* Upon the occurrence of a Change of Control of the Company, Executive will be entitled to receive the sum of (i) an amount equaling two (2) times the sum of his Base Salary, Annual Bonus and the cash value of all Restricted Units which became vested in the calendar year prior to the Change of Control (the "**Change of Control Payment**"), and (ii) any settlement that may be due to Executive pursuant to the acceleration of all outstanding Restricted Units and Phantom Units held by the Executive at the time of the Change of Control. *Notwithstanding the previous sentence, however,* the Change of Control Payment will be capped at a maximum of \$2,000,000, even where the value of the individual components of the payment would have resulted in a greater payment to the Executive. Solely for purposes of the Change of Control Payment, the Executive's Base Salary and Annual Bonus shall be valued each as in effect at the time of the Change of Control, and the Restricted Units which vested in the year prior to the Change of Control shall be valued as of the grant date of such Restricted Units. The Restricted Units and Phantom Units, if any, will be settled in accordance with the terms and conditions of the LTIP and any individual award agreement (or in the event of the 2010 Restricted Units, in accordance with the terms and conditions contained in Appendix B hereto and the LTIP, or in the event of the 2010 Phantom Units, in accordance with the terms and conditions contained in Appendix C hereto and the LTIP).

(c) **Gross-Up for Certain Taxes Related to a Change of Control.**

(i) In the event that any payments to Executive pursuant to this Agreement or any payment received by Executive or paid by the Company on Executive's behalf is treated as contingent on a change in the ownership or effective control of the Parent or in the "ownership of a substantial portion of the assets" of Parent (but only if such payment or other benefit is in connection with Executive employment relationship with the Company) shall result in Executive becoming liable for the payment of any excise taxes pursuant to section 4999 of the Code (the "**Section 4999 Excise Tax**"), Executive

shall be entitled to an additional payment equal to the amount of any Section 4999 Excise Taxes payable by Executive pursuant to section 4999 of the Code as a result of such payments, plus all Federal, state and local taxes applicable solely to the Company's payment of such Section 4999 Excise Taxes, including any additional taxes due under section 4999 of the Code with respect to payments made pursuant to this provision (the "**Section 4999 Gross-Up Payment**"). The Section 4999 Gross-Up Payment shall not include any Federal, state, or local taxes imposed upon the original payment that gave rise to such Section 4999 Excise Tax.

(ii) Calculations for the Section 4999 Gross-Up Payment shall assume the highest marginal rate applicable at the time of calculation.

(iii) The intent of this Section 5(c) is to provide that the Company shall pay Executive the Section 4999 Gross-Up Payment such that the net amount retained by Executive after deduction of the Section 4999 Excise Tax and any additional Federal, state or local taxes are imposed on the Section 4999 Excise Taxes or Section 4999 Gross-Up Payments, shall equal the aggregate total amount payable to the Executive pursuant to this Agreement. In the event that an excise tax is imposed by the Code or any Federal, state or local legislation following the Effective Date, in addition to or in place of the Section 4999 Excise Tax, the Company also intends to provide an appropriate gross-up payment which would provide Executive with the aggregate total amount of the intended payment before such excise tax (and any subsequent taxes imposed because of the Company's payment of such excise tax on Executive's behalf) was imposed.

(iv) If Executive determines that Executive is liable for the Section 4999 Excise Taxes with respect to a payment or other benefit pursuant to the Agreement, Executive must promptly so notify the Company in writing. Upon receipt of such notice from Executive, the Company must, within twenty (20) days thereafter, either (A) notify Executive, in writing, that the Company agrees with Executive's determination of the Section 4999 Excise Tax liability, in which case the Company shall become obligated to immediately pay to Executive the Section 4999 Gross-Up Payment, or (B) submit to Executive an opinion, prepared by counsel of the Company's choice which counsel is reasonably satisfactory to Executive, that Executive is not liable for the Excise Tax (the "**Tax Opinion**"). If the Tax Opinion is provided to Executive and Executive nevertheless chooses not to contest the assertion of the Section 4999 Excise Tax, the Company shall be relieved of its obligation to make the Section 4999 Gross-Up Payment specified hereunder. If Executive chooses to contest the assertion of the Section 4999 Excise Tax after receipt of the Tax Opinion, Executive may do so with counsel of Executive's choice that is reasonably satisfactory to the Company, with the reasonable legal fees and expenses of such contest to be paid by the Company, on a monthly basis, subject to the Company's receipt of proper documentation therefore. If the Section 4999 Excise Tax is successfully contested with the approval of counsel, then the Company shall pay to Executive the Section 4999 Gross-Up Payment upon the earlier of ten (10) days after (1) the entry of a final judgment, decree, or other order by a court of competent jurisdiction that Executive is liable for the Excise Tax, or (2) a mutual determination of Executive and the Company not to proceed further with the contest.

(v) If the Internal Revenue Service (the "**IRS**") notifies Executive in writing that the Section 4999 Excise Tax will or may be assessed against Executive, if the Company provides Executive with the Tax Opinion specified herein, and if Executive chooses to contest the assertion of the Section 4999 Excise Tax, then the Company shall obtain and deliver to Executive an irrevocable standby letter of credit (the "**Letter of Credit**") issued by a bank acceptable to Executive and the Company in an amount equal to the amount of the Company's potential payment obligation herein including penalties and interest, computed as if the Section 4999 Excise Tax were paid to the IRS in the year the date the Letter of Credit was obtained. Immediately upon the earlier of (A) a determination letter (within the meaning of section 1313 of the Code) that Executive is not liable for the Section 4999 Excise Tax, or (B) the Company's payment to Executive of the full amount of its obligation herein, Executive shall mark the Letter of Credit "canceled" and return it to the Company. In lieu of such a Letter of Credit, the Company may choose to secure its obligations hereunder by establishing an appropriate escrow account with terms reasonably satisfactory to Executive, and by depositing therein the same amount as would be required for the Letter of Credit. The obligations contained in this Section 5(c) shall survive the termination or expiration of Executive employment with the Company and shall be fully enforceable thereafter.

(vi) In the event that any payment or any portion thereof made to the Executive or to any third-party on the Executive's behalf under this Section 5 is subsequently determined to not be imposed or not to be required of the Executive, then such payment shall be promptly returned to the Company.

6. Termination of Employment.

(a) *Termination without Cause or Resignation by Executive.* Unless otherwise specified in a separate provision of this Section 6, either Executive or VNRH, by action of the Board, may terminate this Agreement, and Executive's employment by VNRH, for any reason after providing thirty (30) days written notice to the non-terminating party. If Executive terminates this Agreement pursuant to this provision, VNRH will pay Executive on the Date of Termination (as defined below) (i) all accrued but unpaid Base Salary, (ii) a prorated amount of Executive's Base Salary for accrued but unused vacation days, and (iii) yet unpaid reimbursements for any reasonable and necessary business expenses incurred by Executive prior to the Date of Termination in connection with his duties hereunder (such amounts collectively, the "**Accrued Compensation and Reimbursements**"). Upon termination by VNRH of this Agreement pursuant to this Section 6(a) other than a termination for Cause, within ten (10) business days after the Date of Termination, VNRH shall pay (A) Accrued Compensation and Reimbursements, plus (B) a payment (a "**Severance Payment**") equal to the greater of Executive's Base Salary (at the rate in effect hereunder at the Date of Termination) for (1) thirty-six (36) months, or (2) the remaining duration of the Employment Period. Notwithstanding any other provision of this Agreement, the non-renewal of the Executive's employment pursuant to the terms of a Non-Renewal Notice under Section 1(a) of this Agreement shall not constitute a termination of this Agreement entitling the Executive to a Severance Payment under this Section 6(a).

(b) *Termination by Cause.* VNRH, by action of the Board may terminate this Agreement at any time for Cause. Upon termination by VNRH for Cause, Executive shall only be entitled to Accrued Compensation and Reimbursements, which amount shall be paid within ten (10) business days after the Date of Termination. For purposes hereof, "**Cause**" means any of the following:

(i) Executive's commission of theft, embezzlement, any other act of dishonesty relating to his employment with VNRH or any willful and material violation of any law, rules or regulation applicable to the Company, including, but not limited to, those laws, rules or regulations established by the Securities and Exchange Commission, or any self-regulatory organization having jurisdiction or authority over Executive or the Company; or

(ii) Executive's conviction of, or Executive's plea of guilty or *nolo contendere* to, any felony or of any other crime involving fraud, dishonesty or moral turpitude; or

(iii) A determination by the Board that Executive has materially breached this Agreement (other than during any period of Disability, as defined below) where such breach is not remedied within ten (10) days after written demand by the Board for substantial performance is actually received by Executive which specifically identifies the manner in which the Board believes Executive has so breached; or

(iv) Executive's willful and continued failure to perform his reasonable and customary duties as the President and Chief Executive Officer which such failure is not remedied within ten (10) days after written demand by the Board for substantial performance is actually received by Executive which specifically identifies the nature of such failure.

For purposes of the definition of Cause, no act or failure to act, on the part of Executive, shall be considered "willful" unless it is done, or omitted to be done, by Executive in bad faith or without reasonable belief that Executive's action or omission was in, or not opposed to, the best interests of the Company. Any act, or failure to act, based upon authority given by the Board or based upon the advice of counsel for VNRH shall be conclusively presumed to be done, or omitted to be done, by Executive in good faith and in the best interests of the Company. VNRH, by action of the Board, may terminate Executive's employment for Cause only after: (i) providing written notice to Executive, which identifies the Cause for Executive's termination (which notice must be given within ninety (90) days after the actual discovery of the act(s) or omission(s) constituting such Cause) and (ii) Executive has been given an opportunity, together with his counsel, to be heard by the Board at a time and location reasonably designated by the Board.

(c) *Termination with Good Reason.* Executive may terminate this Agreement for Good Reason, and thereby resign his employment, after providing thirty (30) days' written notice to the Company (which notice must be given within ninety (90) days after the occurrence of the act(s) or omission(s) constituting Good Reason). For purposes hereof, "**Good Reason**" means any of the following reasons:

(i) Executive is assigned duties and responsibilities materially inconsistent with those normally associated with his position, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by VNRH promptly, but in no event later than the thirty (30) day period immediately following VNRH's receipt of notice thereof given by Executive; or

(ii) A material reduction in Executive's Base Salary; or

(iii) Executive's removal from his position as President and Chief Executive Officer of the Company, other than for Cause or by death or Disability, during the Term of this Agreement, to a position that is not at least equivalent in authority and duties to President and Chief Executive Officer; or

(iv) Relocation of Executive's principal place of business to a location fifty (50) or more miles from its location as of the Effective Date without Executive's written consent; or

(v) A material breach by VNRH of this Agreement, which materially adversely affects Executive, if the breach is not cured within twenty (20) days after Executive provides written notice to VNRH which identifies in reasonable detail the nature of the breach; or

(vi) VNRH's failure to make any material payment to Executive required to be made under the terms of this Agreement, if the breach is not cured within twenty (20) days after Executive provides written notice to the VNRH which provides in reasonable detail the nature of the payment.

In the event Executive terminates this Agreement for Good Reason, within ten (10) business days after the Date of Termination VNRH shall pay Executive (i) his Accrued Compensation and Reimbursements plus (ii) a Severance Payment.

(d) *Termination by Disability.* VNRH, by action of the Board, may terminate this Agreement at any time if Executive shall be deemed in the reasonable judgment of the Board to have sustained a "**Disability**." Executive shall be deemed to have sustained a Disability if and only if he shall have been unable to substantially perform his duties as an employee of VNRH as a result of sickness or injury, and shall have remained unable to perform any such duties for a period of more than 180 consecutive days in any twelve (12)-month period. Upon termination of this Agreement for Disability, VNRH shall pay Executive (A) his Accrued Compensation and Reimbursements plus (B) a payment equal to Executive's Base Salary for twelve (12) months.

(e) *Termination by Death.* This Agreement will terminate automatically upon Executive's death. Upon termination of this Agreement because of Executive's death, VNRH shall pay Executive's estate (i) Executive's Accrued Compensation and Reimbursements, plus (ii) a payment equal to Executive's Base Salary for twelve (12) months.

(f) *Date of Termination.* As used in this Agreement, "**Date of Termination**" means (i) if Executive's employment is terminated by his death, the date of his death; (ii) if Executive's employment is terminated as a result of a Disability or by VNRH for Cause or without Cause, then the date specified in a notice delivered to Executive by VNRH of such termination, (iii) if Executive's employment is terminated by Executive for Good Reason, then the date specified in the notice of such termination delivered to VNRH by Executive, (iv) if Executive's employment terminates due to the giving of a Non-Renewal Notice, the last day of the Employment Period, and (v) if Executive's employment is terminated for any other reason, the date specified therefore in the notice of such termination.

7. Employment.

Upon termination of this Agreement, Executive's employment shall also terminate and cease, and Executive shall be deemed to have voluntarily resigned from the Board, if Executive is a member of the Board.

8. Mitigation.

Upon termination of this Agreement for any reason, amounts to be paid per the express terms of this Agreement shall not be reduced whether or not Executive obtains other employment.

9. Release.

Notwithstanding any other provision in this Agreement to the contrary, as a condition precedent to receiving the Severance Payment set forth in this Agreement in connection with any applicable termination scenario, Executive agrees to execute (and not revoke) a customary severance and release agreement, including a waiver of all claims, reasonably acceptable to the Company (the "**Release**"), within the forty-five (45) day period immediately following the Date of Termination. All revocation rights and timing restrictions shall be set forth in such Release. If Executive fails to execute and deliver the Release, or revokes the Release, Executive agrees that he shall not be entitled to receive the Severance Payment. For purposes of this Agreement, the Release shall be considered to have been executed by Executive if it is signed by his legal representative in the case of legal incompetence or on behalf of Executive's estate in the case of his death.

10. **Nondisclosure.**

(a) Executive shall, immediately upon executing this Agreement, receive access to some or all of the Company's various trade secrets and confidential or proprietary information, including information he has not received before, consisting of, but not limited to, information relating to (i) business operations and methods, (ii) existing and proposed investments and investment strategies, (iii) financial performance, (iv) compensation arrangements and amounts (whether relating to the Company or to any of its employees), (v) contractual relationships, (vi) business partners and relationships, and (vii) marketing strategies (all of the foregoing, "**Confidential Information**"). Confidential Information shall not include: (A) information that Executive may furnish to third parties regarding his obligations under this Section 10 and under Section 11 or (B) information that (1) is general knowledge of Executive or information that becomes generally available to the public by means other than Executive's breach of this Section 10 (for example, not as a result of Executive's unauthorized release of marketing materials), (2) is in Executive's possession, or becomes available to Executive, on a non-confidential basis, from a source other than the Company or (3) Executive is required by law, regulation, court order or discovery demand to disclose; provided, however, that in the case of clause (3), Executive gives the Company, to the extent permitted by law, reasonable notice prior to the disclosure of the Confidential Information and the reasons and circumstances surrounding such disclosure to provide the Company an opportunity to seek a protective order or other appropriate request for confidential treatment of the applicable Confidential Information.

(b) Executive agrees that all Confidential Information, whether prepared by Executive or otherwise coming into his possession, shall remain the exclusive property of the Company during Executive's employment with the Company. Executive further agrees that Executive shall not, except for the benefit of the Company pursuant to the exercise of his duties in accordance with this Agreement or with the prior written consent of the Company, use or disclose to any third party any of the Confidential Information described herein, directly or indirectly, either during Executive's employment with the Company or at any time following the termination of Executive's employment with the Company.

(c) Upon termination of this Agreement, Executive agrees that all Confidential Information and other files, documents, materials, records, notebooks, customer lists, business proposals, contracts, agreements and other repositories containing information concerning the Company or the business of the Company (including all copies thereof) in Executive's possession, custody or control, whether prepared by Executive or others, shall remain with or be returned to the Company as soon as practicable after the Date of Termination.

11. **Non-Competition and Non-solicitation.**

(a) As part of the consideration for the compensation and benefits to be paid to Executive hereunder, to protect Confidential Information of the Company and its customers and clients that have been and will be entrusted to Executive, the business goodwill of the Company and its subsidiaries that will be developed in and through Executive and the business opportunities that will be disclosed or entrusted to Executive by the Company and its subsidiaries, and as an additional incentive for the Company to enter into this Agreement, if termination is a result of Executive's voluntary termination without Good Reason under Section 6(a), or by the Company for Cause under Section 6(b), from the date hereof through the one (1) year anniversary of the Date of Termination (the "**Restricted Period**"), Executive will not (other than for the benefit of the Company pursuant to this Agreement), directly or indirectly:

(i) engage in, or carry on or assist, individually or as a principal, owner, officer, director, employee, shareholder, consultant, contractor, partner, member, joint venturer, agent, equity owner or in any other capacity whatsoever (in any such capacity, an "**Investor**"), any (A) any business directly competitive with the business in which the Company is engaged from time to time ("**Competing Business**") or (B) Business Enterprise (as defined below) that is otherwise directly competitive with the Company within the states in which the Company conducts business;

(ii) perform for any corporation, partnership, limited liability company, sole proprietorship, joint venture or other business association or entity (a "**Business Enterprise**") engaged in any Competing Business any duty Executive has performed for the Company that involved Executive's access to, or knowledge or application of, Confidential Information;

(iii) induce or attempt to induce any customer, supplier, licensee or other business relation of the Company to cease doing business with the Company or in any way interfere with the relationship between any such customer, supplier, licensee or business relation and the Company;

(iv) induce or attempt to induce any customer, supplier, licensee or other business relation of the Company with whom Executive had direct business contact in dealings during the Employment Period in the course of his employment with the Company to cease doing business with the Company or in any way interfere with the relationship between any such customer, supplier, licensee or business relation and the Company; or

(v) solicit with the purpose of hiring or hire any person who is or, within 180 days after such person ceased to be an employee of the Company, was an employee of the Company.

(b) Notwithstanding the foregoing restrictions of this Section 11, nothing in this Section 11 shall prohibit (i) any investment by Executive, directly or indirectly, in securities which are issued by a Business Enterprise involved in or conducting a Competing Business, provided that Executive, directly or indirectly, does not own more than five percent (5%) of the outstanding equity or voting securities of such Business Enterprise or (ii) Executive, directly or indirectly, from owning any interest in any Business Enterprise which conducts a Competing Business if such interest in such Business Enterprise is owned as of the date of this Agreement and Executive does not have the right, in the case of (i) or (ii), through the ownership of a voting interest or otherwise, to direct the activities of or associated with the business of such Business Enterprise.

(c) Executive acknowledges that each of the covenants of Section 11(a) are in addition to, and shall not be construed as a limitation upon, any other covenant provided in Section 11(a). Executive agrees that the geographic boundaries, scope of prohibited activities, and time duration of each of the covenants set forth in Section 11(a) are reasonable in nature and are no broader than are necessary to maintain the confidentiality and the goodwill of the Company's proprietary and Confidential Information, plans and services and to protect the other legitimate business interests of the Company, including without limitation the goodwill developed by Executive with Company's customers, suppliers, licensees and business relations.

(d) If, during any portion of the Restricted Period, Executive is not in compliance with the terms of Section 11(a), the Company shall be entitled to, among other remedies, compliance by Executive with the terms of Section 11(a) for an additional period of time (*i.e.*, in addition to the Restricted Period) that shall equal the period(s) over which such noncompliance occurred.

(e) The parties hereto intend that the covenants contained in Section 11(a) be construed as a series of separate covenants, one for each defined province in each geographic area in which Executive on behalf of the Company conducts business. Except for geographic coverage, each such separate covenant shall be deemed identical in terms to the applicable covenant contained in Section 11(a). Furthermore, each of the covenants in Section 10(a) shall be deemed a separate and independent covenant, each being enforceable irrespective of the enforceability (with or without reformation) of the other covenants contained in Section 11(a).

12. Survival of Covenants.

Sections 10 and 11 shall survive the expiration or termination of this Agreement for any reason, except that the restrictions of Section 11 shall not apply in the event Executive's employment is terminated as a result of a Change of Control, other than in connection with a Permitted Transfer (as such term is defined in the LLC Agreement). Executive further agrees to notify all future persons, funds or businesses, with which he becomes affiliated with or employed by during the Restricted Period, of the restrictions set forth in Sections 10 and 11, prior to the commencement of any such affiliation or employment.

13. Notices.

All notices and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given if delivered personally, mailed by certified mail (return receipt requested) or sent by overnight delivery service to the parties at the following addresses or at such other addresses as shall be specified by the parties by like notice, in order of preference of the recipient:

To VNRH:
Board of Managers
7700 San Felipe, Suite 485
Houston, Texas 77063
Facsimile: (832) 327-2260

To the Executive:
Scott W. Smith
12014 Pebble Hill
Houston, Texas 77024

Notice so given shall, in the case of mail, be deemed to be given and received on the fifth calendar day after posting, and in the case overnight delivery service, on the date of actual delivery.

14. Severability and Reformation.

If any one or more of the terms, provisions, covenants or restrictions of this Agreement shall be determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions shall remain in full force and effect, and the invalid, void or unenforceable provisions shall be deemed severable. Moreover, if any one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad as to duration, geographical scope, activity or subject, it shall be reformed by limiting and reducing it to the minimum extent necessary, so as to be enforceable to the extent compatible with the applicable law as it shall then appear.

15. Assignment.

This Agreement shall be binding upon and inure to the benefit of the heirs and legal representatives of Executive and the permitted assigns and successors of VNRH, but neither this Agreement nor any rights or obligations hereunder shall be assignable or otherwise subject to hypothecation by Executive (except by will or by operation of the laws of intestate succession) or by VNRH, except that VNRH may assign this Agreement to any successor (whether by merger, purchase or otherwise) to all or substantially all of the stock assets or businesses of VNRH, if such successor expressly agrees to assume the obligations of VNRH hereunder.

16. Amendment.

This Agreement may be amended only by writing signed by both the Executive and by a duly authorized representative of VNRH (other than Executive).

17. Assistance in Litigation.

Executive shall reasonably cooperate with the Company in the defense or prosecution of any claims or actions now in existence or that may be brought in the future against or on behalf of the Company that relate to events or occurrences that transpired while Executive was employed by the Company. Executive's cooperation in connection with such claims or actions shall include, but not be limited to, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times. Executive also shall cooperate fully with the Company in connection with any investigation or review by any Federal, state, or local regulatory authority as any such investigation or review relates, to events or occurrences that transpired while Executive was employed by the Company. The Company will pay Executive an agreed upon reasonably hourly rate for Executive's cooperation pursuant to this Section 17.

18. Beneficiaries; References.

Executive shall be entitled to select (and change, to the extent permitted under any applicable law) a beneficiary or beneficiaries to receive any compensation or benefit payable hereunder following Executive's death, and may change such election, in either case by giving the Company written notice thereof. In the event of Executive's death or a judicial determination of his incompetence, reference in this Agreement to Executive shall be deemed, where appropriate, to refer to his beneficiary, estate or other legal representative. Any reference to the masculine gender in this Agreement shall include, where appropriate, the feminine.

19. Use of Name, Likeness and Biography.

The Company shall have the right (but not the obligation) to use, publish and broadcast, and to authorize others to do so, the name, approved likeness and approved biographical material of Executive to advertise, publicize and promote the business of the Company and its affiliates, but not for the purposes of direct endorsement without Executive's consent. This right shall terminate upon the termination of this Agreement. An "approved likeness" and "approved biographical material" shall be, respectively, any photograph or other depiction of Executive, or any biographical information or life story concerning the professional career of Executive.

20. Governing Law.

THIS AGREEMENT SHALL BE CONSTRUED, INTERPRETED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS WITHOUT REFERENCE TO RULES RELATING TO CONFLICTS OF LAW.

21. Entire Agreement.

This Agreement and the LLC Agreement contain the entire understanding between the parties hereto with respect to the subject matter hereof and supersede in all respects any prior or other agreement or understanding, written or oral, between the Company or any affiliate of the Company and Executive with respect to such subject matter.

22. Withholding.

The Company shall be entitled to withhold from payment to the Executive of any amount of withholding required by law.

23. Counterparts.

This Agreement may be executed in two or more counterparts, each of which will be deemed an original.

24. Remedies.

The parties recognize and affirm that in the event of a breach of Sections 10 or 11 of this Agreement, money damages would be inadequate and VNRH would not have an adequate remedy at law. Accordingly, the parties agree that in the event of a breach or a threatened breach of Sections 10 or 11, VNRH may, in addition and supplementary to other rights and remedies existing in its favor, apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce or prevent any violations of the provisions hereof (without posting a bond or other security). In addition, Executive agrees that in the event a court of competent jurisdiction or an arbitrator finds that Executive violated Section 10 or 11, the time periods set forth in those Sections shall be tolled until such breach or violation has been cured. Executive further agrees that VNRH shall have the right to offset the amount of any damages resulting from a breach by Executive of Section 10 or 11 against any payments due Executive under this Agreement. The parties agree that if one of the parties is found to have breached this Agreement by a court of competent jurisdiction or arbitrator, the breaching party will be required to pay the non-breaching party's attorneys' fees reasonably incurred in prosecuting the non-breaching party's claim of breach.

25. Non-Waiver.

The failure by either party to insist upon the performance of any one or more terms, covenants or conditions of this Agreement shall not be construed as a waiver or relinquishment of any right granted hereunder or of any future performance of any such term, covenant or condition, and the obligation of either party with respect hereto shall continue in full force and effect, unless such waiver shall be in writing signed by VNRH (other than Executive) and Executive.

26. Announcement.

The Company shall have the right to make public announcements concerning the execution of this Agreement and the terms contained herein, at the Company's discretion.

27. Construction.

The headings and captions of this Agreement are provided for convenience only and are intended to have no effect in construing or interpreting this Agreement. The language in all parts of this Agreement shall be in all cases construed in accordance to its fair meaning and not strictly for or against the Company or Executive.

28. Right to Insure.

The Company shall have the right to secure, in its own name or otherwise, and at its own expense, life, health, accident or other insurance covering Executive, and Executive shall have no right, title or interest in and to such insurance. Executive shall assist the Company in procuring such insurance by submitting to examinations and by signing such applications and other instruments as may be required by the insurance carriers to which application is made for any such insurance.

29. No Inconsistent Obligations.

Executive represents and warrants that to his knowledge he has no obligations, legal, in contract, or otherwise, inconsistent with the terms of this Agreement or with his undertaking employment with the Company to perform the duties described herein. Executive will not disclose to the Company, or use, or induce the Company to use, any confidential, proprietary, or trade secret information of others. Executive represents and warrants that to his knowledge he has returned all property and confidential information belonging to all prior employers, if he is obligated to do so.

30. **Binding Agreement.**

This Agreement shall inure to the benefit of and be binding upon Executive, his heirs and personal representatives, and the Company, its successors and assigns.

31. **Voluntary Agreement.**

Each party to this Agreement has read and fully understands the terms and provisions hereof, has had an opportunity to review this Agreement with legal counsel, has executed this Agreement based upon such party's own judgment and advice of counsel (if any), and knowingly, voluntarily, and without duress, agrees to all of the terms set forth in this Agreement. The parties have participated jointly in the negotiation and drafting of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the parties and no presumption or burden of proof will arise favoring or disfavoring any party because of authorship of any provision of this Agreement. Except as expressly set forth in this Agreement, neither the parties nor their affiliates, advisors and/or their attorneys have made any representation or warranty, express or implied, at law or in equity with respect of the subject matter contained herein. Without limiting the generality of the previous sentence, the Companies, their affiliates, advisors, and/or attorneys have made no representation or warranty to Executive concerning the state or Federal tax consequences to Executive regarding the transactions contemplated by this Agreement.

[THE REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK; SIGNATURE PAGE IMMEDIATELYFOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Amended Employment Agreement between VNRH and Scott W. Smith as of the day and year first above written.

“EXECUTIVE”

/s/ Scott W. Smith
Scott W. Smith

VNR HOLDINGS, LLC

“COMPANY”

By: /s/ W. Richard Anderson

Its: Chairman of the Board of the parent company

VANGUARD NATURAL RESOURCES, LLC

By: /s/ W. Richard Anderson

Its: Chairman of the Board

APPENDIX A

Annual Bonus

APPENDIX B

[Restricted Unit Agreement]

APPENDIX C

[Phantom Unit Agreement]

SECOND AMENDED AND RESTATED EMPLOYMENT AGREEMENT

RICHARD A. ROBERT

This **SECOND AMENDED AND RESTATED EMPLOYMENT AGREEMENT**, effective as of January 1, 2010, is by and between VNR Holdings, LLC, a Delaware limited liability company (“*VNRH*”), Vanguard Natural Resources, LLC, a Delaware limited liability company (“*Parent*”) and Richard A. Robert (the “*Executive*”).

WHEREAS, effective on January 1, 2007, Nami Holding Company, LLC (now Vanguard Natural Gas, LLC) and Executive entered in an employment agreement (the “*Initial Agreement*”);

WHEREAS, the parties determined to amend the Initial Agreement by that certain Amended Employment Agreement dated April 18, 2007 (the “*Amended Agreement*”), which terminated the Initial Agreement;

WHEREAS, VNRH provided Executive with notice on September 30, 2009 that, in anticipation of formalizing the terms and conditions of the Executive’s employment relationship in newly amended employment agreement, the Amended Agreement would not be renewed past its then-current term of December 31, 2009;

WHEREAS, VNRH desires to employ Executive and Executive desires to be employed by VNRH in said capacity;

WHEREAS, the parties desire to set forth in writing the terms and conditions of their understandings and agreements in this Second Amended and Restated Employment Agreement (this “*Agreement*”);

NOW, THEREFORE, in consideration of the mutual covenants and obligations contained herein, VNRH hereby agrees to employ Executive and Executive hereby accepts such employment upon the terms and conditions set forth in this Agreement:

1. Employment Period.

(a) Subject to Section 6, VNRH hereby agrees to employ Executive, and Executive hereby agrees to be employed by VNRH, in accordance with the terms and provisions of this Agreement, for the period commencing as of the date hereof (the “*Effective Date*”) and ending on January 1, 2013 (the “*Employment Period*”); provided, however, that the Employment Period shall automatically be renewed and extended for an additional period of twelve (12) months commencing on January 1, 2013 and expiring on January 1, 2014, and on each successive January 1 thereafter, unless at least ninety (90) days prior to the ensuing expiration date (but no more than twelve (12) months prior to such expiration date), VNRH or Executive shall have given ninety (90) days written notice to the other that it or he, as applicable, does not wish to extend this Agreement (a “*Non-Renewal Notice*”). The term “*Employment Period*,” as utilized in this Agreement, shall refer to the Employment Period as so automatically extended.

(b) During the term of Executive’s employment with VNRH, Executive shall serve as the Executive Vice President and Chief Financial Officer of VNRH and the Parent (together, the “*Company*”) the Company and in so doing, shall report to the Chief Executive Officer and Board of Managers or Directors, as applicable, of the Company (the “*Board*”). Executive shall have supervision and control over, and responsibility for, such management and operational functions of the Company currently assigned to such positions, and shall have such other powers and duties (including holding officer positions with the Company and one or more subsidiaries of the Company) as may from time to time be prescribed by the Board, so long as such powers and duties are reasonable and customary for the Executive Vice President and Chief Financial Officer of an enterprise comparable to the Company.

(c) During the term of Executive’s employment with VNRH, and excluding any periods of vacation and sick leave to which Executive is entitled, Executive agrees to devote substantially all of his business time to the business and affairs of VNRH and, to the extent necessary to discharge the responsibilities assigned to Executive hereunder, to use Executive’s reasonable best efforts to perform faithfully, effectively and efficiently such responsibilities. During the term of Executive’s employment with VNRH, it shall not be a violation of this Agreement for Executive to (i) serve on corporate, civic or charitable boards or committees, (ii) deliver lectures or fulfill speaking engagements and (iii) manage personal investments, so long as such activities do not materially interfere with the performance of Executive’s responsibilities as an employee of the Company in accordance with this Agreement.

(d) The parties expressly acknowledge that any performance of Executive’s responsibilities hereunder shall necessitate, and the Company shall provide, access to or the disclosure of Confidential Information (as defined in Section 10(a) below) to Executive and that Executive’s responsibilities shall include the development of the Company’s goodwill through Executive’s contacts with the Company’s customers and suppliers.

2. Compensation.

(a) *Base Salary.* VNRH shall pay Executive an annual base salary (“*Base Salary*”) at the rate of \$275,000 for the period commencing on the Effective Date and ending on the Date of Termination. The Board will review Executive’s Base Salary on an annual basis beginning with the employment year beginning on April 30, 2011, and may increase the Base Salary in such amounts or percentages as the Board shall deem appropriate, if any. The Board may not decrease the Executive’s annual Base Salary without his prior written approval. Base Salary shall be payable in accordance with the ordinary payroll practices of VNRH, but in no event shall the Base Salary be paid to Executive less frequently than monthly. The term “*Base Salary*” as used in this Agreement shall refer to the Base Salary as it may be so adjusted from time to time.

(b) *Annual Bonus.* Executive shall be eligible to receive an annual bonus (the “*Annual Bonus*”) based upon VNRH’s unit price performance and/or the achievement of annual performance targets; such terms and conditions of Executive’s Annual Bonus for each calendar year within the Employment Period are set forth in Appendix A hereto.

3. Employee Benefits.

(a) During the Employment Period, VNRH shall provide Executive with coverage under all employee pension and welfare benefit programs, plans and practices, which VNRH makes available to its senior executives (including, without limitation, participation in health, dental, group life, disability, retirement and all other plans and fringe benefits to the extent generally provided to such senior executives), commensurate with his position in the Company, to the extent permitted under the employee benefit plan or program, and in accordance with the terms of the program and/or plan.

(b) Executive shall be entitled to vacation time generally available to executive employees of VNRH (but no less than fifteen (15) business days paid vacation in each calendar year). Such vacation time shall accrue at a rate of one and a quarter (1.25) vacation days for each calendar month worked; provided, however, that during any given calendar year, Executive shall be able to take vacation days that will accrue during that calendar year, even if such days have not yet accrued. A maximum of five (5) business days of accrued but unused vacation may be carried over from one calendar year to the next.

(c) Executive is authorized to incur reasonable expenses in carrying out his duties and responsibilities under this Agreement and promoting the business of the Company, including, without limitation, reasonable expenses for travel, lodgings, entertainment and similar items related to such duties and responsibilities. VNRH will promptly reimburse Executive for all such expenses upon presentation by Executive of appropriately itemized and approved (consistent with VNRH's policy) accounts of such expenditures, in accordance with the Company's expense reimbursement policy; provided, however, that in no event shall the expense reimbursement be made after the last day of the taxable year following the year in which the expense was incurred by Executive, although in the event that the reimbursement would constitute taxable income to Executive, such reimbursements will be paid no later than March 15th of the calendar year following the calendar year in which the expense was incurred. No reimbursement or expenses eligible for reimbursement in any taxable year shall affect the expenses eligible for reimbursement in any other taxable year, nor may the right to receive a reimbursement of expenses be subject to liquidation or exchanged for another benefit.

4. **Restricted Units and Phantom Units.**

(a) *Restricted Units.* As of the Effective Date, Executive shall receive an initial grant (the "**2010 Restricted Units**") of 15,000 restricted common units of Parent (the "**Restricted Units**") pursuant to the Vanguard Natural Resources, LLC Long-Term Incentive Plan (the "**LTIP**"). The terms and conditions of the 2010 Restricted Units are set forth in Appendix B hereto. Executive may receive additional restricted common units of Parent from time to time at the Board's sole discretion during the Employment Period, although the Board shall conduct an annual review beginning on April 30, 2011 to determine the appropriateness of granting additional restricted units to Executive at that time.

(b) *Phantom Units.* As of the Effective Date, Executive shall receive an initial grant (the "**2010 Phantom Units**") of 15,000 phantom units ("**Phantom Units**") pursuant to the LTIP. The terms and conditions of the 2010 Phantom Units are set forth in Appendix C hereto. Executive shall receive an additional grant of 15,000 phantom common units of Parent on an annual basis in connection with each anniversary of the Effective Date during the Employment Period, the terms and conditions of such grant to be substantially the same as those described in Appendix C for the 2010 Phantom Units.

5. **Change of Control.**

(a) *Definition of Change of Control.* For purposes of this Agreement, a "**Change of Control**" shall have the same meaning as such term in the Company's LTIP. For the sake of convenience herein, as of the Effective Date, the LTIP states that a "Change of Control" means, and shall be deemed to have occurred upon one or more of the following events:

(i) Any "person" or "group" within the meaning of those terms as used in Sections 13(d) and 14(d)(2) of the Securities Exchange Act of 1934, as amended, other than an affiliate of Parent, shall become the beneficial owner, by way of merger, consolidation, recapitalization, reorganization or otherwise, of fifty percent (50%) or more of the combined voting power of the equity interests in Parent;

(ii) The members of Parent approve, in one or a series of transactions, a plan of complete liquidation of Parent; or

(iii) The sale or other disposition by the Company of all or substantially all of its assets in one or more transactions to any person other than Parent or an affiliate of Parent.

Notwithstanding the foregoing, with respect to a payment that is subject to section 409A of the Code, a "Change of Control" shall mean a "change of control event" as defined in the regulations and guidance issued under section 409A of the Internal Revenue code of 1986, as amended (the "**Code**").

(b) *Change of Control Payments.* Upon the occurrence of a Change of Control of the Company, Executive will be entitled to receive the sum of (i) an amount equaling two (2) times the sum of his Base Salary, Annual Bonus and the cash value of all Restricted Units which became vested in the calendar year prior to the Change of Control (the "**Change of Control Payment**"), and (ii) any settlement that may be due to Executive pursuant to the acceleration of all outstanding Restricted Units and Phantom Units held by the Executive at the time of the Change of Control. *Notwithstanding the previous sentence, however,* the Change of Control Payment will be capped at a maximum of \$2,000,000, even where the value of the individual components of the payment would have resulted in a greater payment to the Executive. Solely for purposes of the Change of Control Payment, the Executive's Base Salary and Annual Bonus shall be valued each as in effect at the time of the Change of Control, and the Restricted Units which vested in the year prior to the Change of Control shall be valued as of the grant date of such Restricted Units. The Restricted Units and Phantom Units, if any, will be settled in accordance with the terms and conditions of the LTIP and any individual award agreement (or in the event of the 2010 Restricted Units, in accordance with the terms and conditions contained in Appendix B hereto and the LTIP, or in the event of the 2010 Phantom Units, in accordance with the terms and conditions contained in Appendix C hereto and the LTIP).

(c) **Gross-Up for Certain Taxes Related to a Change of Control.**

(i) In the event that any payments to Executive pursuant to this Agreement or any payment received by Executive or paid by the Company on Executive's behalf is treated as contingent on a change in the ownership or effective control of the Parent or in the "ownership of a substantial portion of the assets" of Parent (but only if such payment or other benefit is in connection with Executive employment relationship with the Company) shall result in Executive becoming liable for the payment of any excise taxes pursuant to section 4999 of the Code (the "**Section 4999 Excise Tax**"), Executive

shall be entitled to an additional payment equal to the amount of any Section 4999 Excise Taxes payable by Executive pursuant to section 4999 of the Code as a result of such payments, plus all Federal, state and local taxes applicable solely to the Company's payment of such Section 4999 Excise Taxes, including any additional taxes due under section 4999 of the Code with respect to payments made pursuant to this provision (the "**Section 4999 Gross-Up Payment**"). The Section 4999 Gross-Up Payment shall not include any Federal, state, or local taxes imposed upon the original payment that gave rise to such Section 4999 Excise Tax.

(ii) Calculations for the Section 4999 Gross-Up Payment shall assume the highest marginal rate applicable at the time of calculation.

(iii) The intent of this Section 5(c) is to provide that the Company shall pay Executive the Section 4999 Gross-Up Payment such that the net amount retained by Executive after deduction of the Section 4999 Excise Tax and any additional Federal, state or local taxes are imposed on the Section 4999 Excise Taxes or Section 4999 Gross-Up Payments, shall equal the aggregate total amount payable to the Executive pursuant to this Agreement. In the event that an excise tax is imposed by the Code or any Federal, state or local legislation following the Effective Date, in addition to or in place of the Section 4999 Excise Tax, the Company also intends to provide an appropriate gross-up payment which would provide Executive with the aggregate total amount of the intended payment before such excise tax (and any subsequent taxes imposed because of the Company's payment of such excise tax on Executive's behalf) was imposed.

(iv) If Executive determines that Executive is liable for the Section 4999 Excise Taxes with respect to a payment or other benefit pursuant to the Agreement, Executive must promptly so notify the Company in writing. Upon receipt of such notice from Executive, the Company must, within twenty (20) days thereafter, either (A) notify Executive, in writing, that the Company agrees with Executive's determination of the Section 4999 Excise Tax liability, in which case the Company shall become obligated to immediately pay to Executive the Section 4999 Gross-Up Payment, or (B) submit to Executive an opinion, prepared by counsel of the Company's choice which counsel is reasonably satisfactory to Executive, that Executive is not liable for the Excise Tax (the "**Tax Opinion**"). If the Tax Opinion is provided to Executive and Executive nevertheless chooses not to contest the assertion of the Section 4999 Excise Tax, the Company shall be relieved of its obligation to make the Section 4999 Gross-Up Payment specified hereunder. If Executive chooses to contest the assertion of the Section 4999 Excise Tax after receipt of the Tax Opinion, Executive may do so with counsel of Executive's choice that is reasonably satisfactory to the Company, with the reasonable legal fees and expenses of such contest to be paid by the Company, on a monthly basis, subject to the Company's receipt of proper documentation therefore. If the Section 4999 Excise Tax is successfully contested with the approval of counsel, then the Company shall pay to Executive the Section 4999 Gross-Up Payment upon the earlier of ten (10) days after (1) the entry of a final judgment, decree, or other order by a court of competent jurisdiction that Executive is liable for the Excise Tax, or (2) a mutual determination of Executive and the Company not to proceed further with the contest.

(v) If the Internal Revenue Service (the "**IRS**") notifies Executive in writing that the Section 4999 Excise Tax will or may be assessed against Executive, if the Company provides Executive with the Tax Opinion specified herein, and if Executive chooses to contest the assertion of the Section 4999 Excise Tax, then the Company shall obtain and deliver to Executive an irrevocable standby letter of credit (the "**Letter of Credit**") issued by a bank acceptable to Executive and the Company in an amount equal to the amount of the Company's potential payment obligation herein including penalties and interest, computed as if the Section 4999 Excise Tax were paid to the IRS in the year the date the Letter of Credit was obtained. Immediately upon the earlier of (A) a determination letter (within the meaning of section 1313 of the Code) that Executive is not liable for the Section 4999 Excise Tax, or (B) the Company's payment to Executive of the full amount of its obligation herein, Executive shall mark the Letter of Credit "canceled" and return it to the Company. In lieu of such a Letter of Credit, the Company may choose to secure its obligations hereunder by establishing an appropriate escrow account with terms reasonably satisfactory to Executive, and by depositing therein the same amount as would be required for the Letter of Credit. The obligations contained in this Section 5(c) shall survive the termination or expiration of Executive employment with the Company and shall be fully enforceable thereafter.

(vi) In the event that any payment or any portion thereof made to the Executive or to any third-party on the Executive's behalf under this Section 5 is subsequently determined to not be imposed or not to be required of the Executive, then such payment shall be promptly returned to the Company.

6. Termination of Employment.

(a) *Termination without Cause or Resignation by Executive.* Unless otherwise specified in a separate provision of this Section 6, either Executive or VNRH, by action of the Board, may terminate this Agreement, and Executive's employment by VNRH, for any reason after providing thirty (30) days written notice to the non-terminating party. If Executive terminates this Agreement pursuant to this provision, VNRH will pay Executive on the Date of Termination (as defined below) (i) all accrued but unpaid Base Salary, (ii) a prorated amount of Executive's Base Salary for accrued but unused vacation days, and (iii) yet unpaid reimbursements for any reasonable and necessary business expenses incurred by Executive prior to the Date of Termination in connection with his duties hereunder (such amounts collectively, the "**Accrued Compensation and Reimbursements**"). Upon termination by VNRH of this Agreement pursuant to this Section 6(a) other than a termination for Cause, within ten (10) business days after the Date of Termination, VNRH shall pay (A) Accrued Compensation and Reimbursements, plus (B) a payment (a "**Severance Payment**") equal to the greater of Executive's Base Salary (at the rate in effect hereunder at the Date of Termination) for (1) thirty-six (36) months, or (2) the remaining duration of the Employment Period. Notwithstanding any other provision of this Agreement, the non-renewal of the Executive's employment pursuant to the terms of a Non-Renewal Notice under Section 1(a) of this Agreement shall not constitute a termination of this Agreement entitling the Executive to a Severance Payment under this Section 6(a).

(b) *Termination by Cause.* VNRH, by action of the Board may terminate this Agreement at any time for Cause. Upon termination by VNRH for Cause, Executive shall only be entitled to Accrued Compensation and Reimbursements, which amount shall be paid within ten (10) business days after the Date of Termination. For purposes hereof, "**Cause**" means any of the following:

(i) Executive's commission of theft, embezzlement, any other act of dishonesty relating to his employment with VNRH or any willful and material violation of any law, rules or regulation applicable to the Company, including, but not limited to, those laws, rules or regulations established by the Securities and Exchange Commission, or any self-regulatory organization having jurisdiction or authority over Executive or the Company; or

(ii) Executive's conviction of, or Executive's plea of guilty or *nolo contendere* to, any felony or of any other crime involving fraud, dishonesty or moral turpitude; or

(iii) A determination by the Board that Executive has materially breached this Agreement (other than during any period of Disability, as defined below) where such breach is not remedied within ten (10) days after written demand by the Board for substantial performance is actually received by Executive which specifically identifies the manner in which the Board believes Executive has so breached; or

(iv) Executive's willful and continued failure to perform his reasonable and customary duties as the Executive Vice President and Chief Financial Officer which such failure is not remedied within ten (10) days after written demand by the Board for substantial performance is actually received by Executive which specifically identifies the nature of such failure.

For purposes of the definition of Cause, no act or failure to act, on the part of Executive, shall be considered "willful" unless it is done, or omitted to be done, by Executive in bad faith or without reasonable belief that Executive's action or omission was in, or not opposed to, the best interests of the Company. Any act, or failure to act, based upon authority given by the Board or based upon the advice of counsel for VNRH shall be conclusively presumed to be done, or omitted to be done, by Executive in good faith and in the best interests of the Company. VNRH, by action of the Board, may terminate Executive's employment for Cause only after: (i) providing written notice to Executive, which identifies the Cause for Executive's termination (which notice must be given within ninety (90) days after the actual discovery of the act(s) or omission(s) constituting such Cause) and (ii) Executive has been given an opportunity, together with his counsel, to be heard by the Board at a time and location reasonably designated by the Board.

(c) *Termination with Good Reason.* Executive may terminate this Agreement for Good Reason, and thereby resign his employment, after providing thirty (30) days' written notice to the Company (which notice must be given within ninety (90) days after the occurrence of the act(s) or omission(s) constituting Good Reason). For purposes hereof, "**Good Reason**" means any of the following reasons:

(i) Executive is assigned duties and responsibilities materially inconsistent with those normally associated with his position, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by VNRH promptly, but in no event later than the thirty (30) day period immediately following VNRH's receipt of notice thereof given by Executive; or

(ii) A material reduction in Executive's Base Salary; or

(iii) Executive's removal from his position as Executive Vice President and Chief Financial Officer of the Company, other than for Cause or by death or Disability, during the Term of this Agreement, to a position that is not at least equivalent in authority and duties to Vice President and Chief Financial Officer; or

(iv) Relocation of Executive's principal place of business to a location fifty (50) or more miles from its location as of the Effective Date without Executive's written consent; or

(v) A material breach by VNRH of this Agreement, which materially adversely affects Executive, if the breach is not cured within twenty (20) days after Executive provides written notice to VNRH which identifies in reasonable detail the nature of the breach; or

(vi) VNRH's failure to make any material payment to Executive required to be made under the terms of this Agreement, if the breach is not cured within twenty (20) days after Executive provides written notice to the VNRH which provides in reasonable detail the nature of the payment.

In the event Executive terminates this Agreement for Good Reason, within ten (10) business days after the Date of Termination VNRH shall pay Executive (i) his Accrued Compensation and Reimbursements plus (ii) a Severance Payment.

(d) *Termination by Disability.* VNRH, by action of the Board, may terminate this Agreement at any time if Executive shall be deemed in the reasonable judgment of the Board to have sustained a "**Disability**." Executive shall be deemed to have sustained a Disability if and only if he shall have been unable to substantially perform his duties as an employee of VNRH as a result of sickness or injury, and shall have remained unable to perform any such duties for a period of more than 180 consecutive days in any twelve (12)-month period. Upon termination of this Agreement for Disability, VNRH shall pay Executive (A) his Accrued Compensation and Reimbursements plus (B) a payment equal to Executive's Base Salary for twelve (12) months.

(e) *Termination by Death.* This Agreement will terminate automatically upon Executive's death. Upon termination of this Agreement because of Executive's death, VNRH shall pay Executive's estate (i) Executive's Accrued Compensation and Reimbursements, plus (ii) a payment equal to Executive's Base Salary for twelve (12) months.

(f) *Date of Termination.* As used in this Agreement, "**Date of Termination**" means (i) if Executive's employment is terminated by his death, the date of his death; (ii) if Executive's employment is terminated as a result of a Disability or by VNRH for Cause or without Cause, then the date specified in a notice delivered to Executive by VNRH of such termination, (iii) if Executive's employment is terminated by Executive for Good Reason, then the date specified in the notice of such termination delivered to VNRH by Executive, (iv) if Executive's employment terminates due to the giving of a Non-Renewal Notice, the last day of the Employment Period, and (v) if Executive's employment is terminated for any other reason, the date specified therefore in the notice of such termination.

7. Employment.

Upon termination of this Agreement, Executive's employment shall also terminate and cease, and Executive shall be deemed to have voluntarily resigned from the Board, if Executive is a member of the Board.

8. Mitigation.

Upon termination of this Agreement for any reason, amounts to be paid per the express terms of this Agreement shall not be reduced whether or not Executive obtains other employment.

9. Release.

Notwithstanding any other provision in this Agreement to the contrary, as a condition precedent to receiving the Severance Payment set forth in this Agreement in connection with any applicable termination scenario, Executive agrees to execute (and not revoke) a customary severance and release agreement, including a waiver of all claims, reasonably acceptable to the Company (the “**Release**”), within the forty-five (45) day period immediately following the Date of Termination. All revocation rights and timing restrictions shall be set forth in such Release. If Executive fails to execute and deliver the Release, or revokes the Release, Executive agrees that he shall not be entitled to receive the Severance Payment. For purposes of this Agreement, the Release shall be considered to have been executed by Executive if it is signed by his legal representative in the case of legal incompetence or on behalf of Executive’s estate in the case of his death.

10. Nondisclosure.

(a) Executive shall, immediately upon executing this Agreement, receive access to some or all of the Company’s various trade secrets and confidential or proprietary information, including information he has not received before, consisting of, but not limited to, information relating to (i) business operations and methods, (ii) existing and proposed investments and investment strategies, (iii) financial performance, (iv) compensation arrangements and amounts (whether relating to the Company or to any of its employees), (v) contractual relationships, (vi) business partners and relationships, and (vii) marketing strategies (all of the forgoing, “**Confidential Information**”). Confidential Information shall not include: (A) information that Executive may furnish to third parties regarding his obligations under this Section 10 and under Section 11 or (B) information that (1) is general knowledge of Executive or information that becomes generally available to the public by means other than Executive’s breach of this Section 10 (for example, not as a result of Executive’s unauthorized release of marketing materials), (2) is in Executive’s possession, or becomes available to Executive, on a non-confidential basis, from a source other than the Company or (3) Executive is required by law, regulation, court order or discovery demand to disclose; provided, however, that in the case of clause (3), Executive gives the Company, to the extent permitted by law, reasonable notice prior to the disclosure of the Confidential Information and the reasons and circumstances surrounding such disclosure to provide the Company an opportunity to seek a protective order or other appropriate request for confidential treatment of the applicable Confidential Information.

(b) Executive agrees that all Confidential Information, whether prepared by Executive or otherwise coming into his possession, shall remain the exclusive property of the Company during Executive’s employment with the Company. Executive further agrees that Executive shall not, except for the benefit of the Company pursuant to the exercise of his duties in accordance with this Agreement or with the prior written consent of the Company, use or disclose to any third party any of the Confidential Information described herein, directly or indirectly, either during Executive’s employment with the Company or at any time following the termination of Executive’s employment with the Company.

(c) Upon termination of this Agreement, Executive agrees that all Confidential Information and other files, documents, materials, records, notebooks, customer lists, business proposals, contracts, agreements and other repositories containing information concerning the Company or the business of the Company (including all copies thereof) in Executive’s possession, custody or control, whether prepared by Executive or others, shall remain with or be returned to the Company as soon as practicable after the Date of Termination.

11. Non-Competition and Non-solicitation.

(a) As part of the consideration for the compensation and benefits to be paid to Executive hereunder, to protect Confidential Information of the Company and its customers and clients that have been and will be entrusted to Executive, the business goodwill of the Company and its subsidiaries that will be developed in and through Executive and the business opportunities that will be disclosed or entrusted to Executive by the Company and its subsidiaries, and as an additional incentive for the Company to enter into this Agreement, if termination is a result of Executive’s voluntary termination without Good Reason under Section 6(a), or by the Company for Cause under Section 6(b), from the date hereof through the one (1) year anniversary of the Date of Termination (the “**Restricted Period**”), Executive will not (other than for the benefit of the Company pursuant to this Agreement), directly or indirectly:

(i) engage in, or carry on or assist, individually or as a principal, owner, officer, director, employee, shareholder, consultant, contractor, partner, member, joint venturer, agent, equity owner or in any other capacity whatsoever (in any such capacity, an “**Investor**”), any (A) any business directly competitive with the business in which the Company is engaged from time to time (“**Competing Business**”) or (B) Business Enterprise (as defined below) that is otherwise directly competitive with the Company within the states in which the Company does business;

(ii) perform for any corporation, partnership, limited liability company, sole proprietorship, joint venture or other business association or entity (a “**Business Enterprise**”) engaged in any Competing Business any duty Executive has performed for the Company that involved Executive’s access to, or knowledge or application of, Confidential Information;

(iii) induce or attempt to induce any customer, supplier, licensee or other business relation of the Company to cease doing business with the Company or in any way interfere with the relationship between any such customer, supplier, licensee or business relation and the Company;

(iv) induce or attempt to induce any customer, supplier, licensee or other business relation of the Company with whom Executive had direct business contact in dealings during the Employment Period in the course of his employment with the Company to cease doing business with the Company or in any way interfere with the relationship between any such customer, supplier, licensee or business relation and the Company; or

(v) solicit with the purpose of hiring or hire any person who is or, within 180 days after such person ceased to be an employee of the Company, was an employee of the Company.

(b) Notwithstanding the foregoing restrictions of this Section 11, nothing in this Section 11 shall prohibit (i) any investment by Executive, directly or indirectly, in securities which are issued by a Business Enterprise involved in or conducting a Competing Business, provided that Executive, directly or indirectly, does not own more than five percent (5%) of the outstanding equity or voting securities of such Business Enterprise or (ii) Executive, directly or indirectly, from owning any interest in any Business Enterprise which conducts a Competing Business if such interest in such Business Enterprise is owned as of the date of this Agreement and Executive does not have the right, in the case of (i) or (ii), through the ownership of a voting interest or otherwise, to direct the activities of or associated with the business of such Business Enterprise.

(c) Executive acknowledges that each of the covenants of Section 11(a) are in addition to, and shall not be construed as a limitation upon, any other covenant provided in Section 11(a). Executive agrees that the geographic boundaries, scope of prohibited activities, and time duration of each of the covenants set forth in Section 11(a) are reasonable in nature and are no broader than are necessary to maintain the confidentiality and the goodwill of the Company's proprietary and Confidential Information, plans and services and to protect the other legitimate business interests of the Company, including without limitation the goodwill developed by Executive with Company's customers, suppliers, licensees and business relations.

(d) If, during any portion of the Restricted Period, Executive is not in compliance with the terms of Section 11(a), the Company shall be entitled to, among other remedies, compliance by Executive with the terms of Section 11(a) for an additional period of time (*i.e.*, in addition to the Restricted Period) that shall equal the period(s) over which such noncompliance occurred.

(e) The parties hereto intend that the covenants contained in Section 11(a) be construed as a series of separate covenants, one for each defined province in each geographic area in which Executive on behalf of the Company conducts business. Except for geographic coverage, each such separate covenant shall be deemed identical in terms to the applicable covenant contained in Section 11(a). Furthermore, each of the covenants in Section 10(a) shall be deemed a separate and independent covenant, each being enforceable irrespective of the enforceability (with or without reformation) of the other covenants contained in Section 11(a).

12. Survival of Covenants.

Sections 10 and 11 shall survive the expiration or termination of this Agreement for any reason, except that the restrictions of Section 11 shall not apply in the event Executive's employment is terminated as a result of a Change of Control, other than in connection with a Permitted Transfer (as such term is defined in the LLC Agreement). Executive further agrees to notify all future persons, funds or businesses, with which he becomes affiliated with or employed by during the Restricted Period, of the restrictions set forth in Sections 10 and 11, prior to the commencement of any such affiliation or employment.

13. Notices.

All notices and other communications required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given if delivered personally, mailed by certified mail (return receipt requested) or sent by overnight delivery service to the parties at the following addresses or at such other addresses as shall be specified by the parties by like notice, in order of preference of the recipient:

To VNRH:
Board of Managers
7700 San Felipe, Suite 485
Houston, Texas 77063
Facsimile: (832) 327-2260

To the Executive:
Richard A. Robert
11639 Versailles Lakes Ln.
Houston, Texas 77082
Facsimile: (832) 327-2260

Notice so given shall, in the case of mail, be deemed to be given and received on the fifth calendar day after posting, and in the case of overnight delivery service, on the date of actual delivery.

14. Severability and Reformation.

If any one or more of the terms, provisions, covenants or restrictions of this Agreement shall be determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions shall remain in full force and effect, and the invalid, void or unenforceable provisions shall be deemed severable. Moreover, if any one or more of the provisions contained in this Agreement shall for any reason be held to be excessively broad as to duration, geographical scope, activity or subject, it shall be reformed by limiting and reducing it to the minimum extent necessary, so as to be enforceable to the extent compatible with the applicable law as it shall then appear.

15. Assignment.

This Agreement shall be binding upon and inure to the benefit of the heirs and legal representatives of Executive and the permitted assigns and successors of VNRH, but neither this Agreement nor any rights or obligations hereunder shall be assignable or otherwise subject to hypothecation by Executive (except by will or by operation of the laws of intestate succession) or by VNRH, except that VNRH may assign this Agreement to any successor (whether by merger, purchase or otherwise) to all or substantially all of the stock assets or businesses of VNRH, if such successor expressly agrees to assume the obligations of VNRH hereunder.

16. Amendment.

This Agreement may be amended only by writing signed by both the Executive and by a duly authorized representative of VNRH (other than Executive).

17. Assistance in Litigation.

Executive shall reasonably cooperate with the Company in the defense or prosecution of any claims or actions now in existence or that may be brought in the future against or on behalf of the Company that relate to events or occurrences that transpired while Executive was employed by the Company. Executive's cooperation in connection with such claims or actions shall include, but not be limited to, being available to meet with counsel to prepare for discovery or trial and to act as a witness on behalf of the Company at mutually convenient times. Executive also shall cooperate fully with the Company in connection with any investigation or review by any Federal, state, or local regulatory authority as any such investigation or review relates, to events or occurrences that transpired while Executive was employed by the Company. The Company will pay Executive an agreed upon reasonable hourly rate for Executive's cooperation pursuant to this Section 17.

18. Beneficiaries; References.

Executive shall be entitled to select (and change, to the extent permitted under any applicable law) a beneficiary or beneficiaries to receive any compensation or benefit payable hereunder following Executive's death, and may change such election, in either case by giving the Company written notice thereof. In the event of Executive's death or a judicial determination of his incompetence, reference in this Agreement to Executive shall be deemed, where appropriate, to refer to his beneficiary, estate or other legal representative. Any reference to the masculine gender in this Agreement shall include, where appropriate, the feminine.

19. Use of Name, Likeness and Biography.

The Company shall have the right (but not the obligation) to use, publish and broadcast, and to authorize others to do so, the name, approved likeness and approved biographical material of Executive to advertise, publicize and promote the business of the Company and its affiliates, but not for the purposes of direct endorsement without Executive's consent. This right shall terminate upon the termination of this Agreement. An "approved likeness" and "approved biographical material" shall be, respectively, any photograph or other depiction of Executive, or any biographical information or life story concerning the professional career of Executive.

20. Governing Law.

THIS AGREEMENT SHALL BE CONSTRUED, INTERPRETED AND GOVERNED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS WITHOUT REFERENCE TO RULES RELATING TO CONFLICTS OF LAW.

21. Entire Agreement.

This Agreement and the LLC Agreement contain the entire understanding between the parties hereto with respect to the subject matter hereof and supersede in all respects any prior or other agreement or understanding, written or oral, between the Company or any affiliate of the Company and Executive with respect to such subject matter.

22. Withholding.

The Company shall be entitled to withhold from payment to the Executive of any amount of withholding required by law.

23. Counterparts.

This Agreement may be executed in two or more counterparts, each of which will be deemed an original.

24. Remedies.

The parties recognize and affirm that in the event of a breach of Sections 10 or 11 of this Agreement, money damages would be inadequate and VNRH would not have an adequate remedy at law. Accordingly, the parties agree that in the event of a breach or a threatened breach of Sections 10 or 11, VNRH may, in addition and supplementary to other rights and remedies existing in its favor, apply to any court of law or equity of competent jurisdiction for specific performance and/or injunctive or other relief in order to enforce or prevent any violations of the provisions hereof (without posting a bond or other security). In addition, Executive agrees that in the event a court of competent jurisdiction or an arbitrator finds that Executive violated Section 10 or 11, the time periods set forth in those Sections shall be tolled until such breach or violation has been cured. Executive further agrees that VNRH shall have the right to offset the amount of any damages resulting from a breach by Executive of Section 10 or 11 against any payments due Executive under this Agreement. The parties agree that if one of the parties is found to have breached this Agreement by a court of competent jurisdiction or arbitrator, the breaching party will be required to pay the non-breaching party's attorneys' fees reasonably incurred in prosecuting the non-breaching party's claim of breach.

25. Non-Waiver.

The failure by either party to insist upon the performance of any one or more terms, covenants or conditions of this Agreement shall not be construed as a waiver or relinquishment of any right granted hereunder or of any future performance of any such term, covenant or condition, and the obligation of either party with respect hereto shall continue in full force and effect, unless such waiver shall be in writing signed by VNRH (other than Executive) and Executive.

26. Announcement.

The Company shall have the right to make public announcements concerning the execution of this Agreement and the terms contained herein, at the Company's discretion.

27. Construction.

The headings and captions of this Agreement are provided for convenience only and are intended to have no effect in construing or interpreting this Agreement. The language in all parts of this Agreement shall be in all cases construed in accordance to its fair meaning and not strictly for or against the Company or Executive.

28. Right to Insure.

The Company shall have the right to secure, in its own name or otherwise, and at its own expense, life, health, accident or other insurance covering Executive, and Executive shall have no right, title or interest in and to such insurance. Executive shall assist the Company in procuring such insurance by submitting to examinations and by signing such applications and other instruments as may be required by the insurance carriers to which application is made for any such insurance.

29. No Inconsistent Obligations.

Executive represents and warrants that to his knowledge he has no obligations, legal, in contract, or otherwise, inconsistent with the terms of this Agreement or with his undertaking employment with the Company to perform the duties described herein. Executive will not disclose to the Company, or use, or induce the Company to use, any confidential, proprietary, or trade secret information of others. Executive represents and warrants that to his knowledge he has returned all property and confidential information belonging to all prior employers, if he is obligated to do so.

30. **Binding Agreement.**

This Agreement shall inure to the benefit of and be binding upon Executive, his heirs and personal representatives, and the Company, its successors and assigns.

31. **Voluntary Agreement.**

Each party to this Agreement has read and fully understands the terms and provisions hereof, has had an opportunity to review this Agreement with legal counsel, has executed this Agreement based upon such party's own judgment and advice of counsel (if any), and knowingly, voluntarily, and without duress, agrees to all of the terms set forth in this Agreement. The parties have participated jointly in the negotiation and drafting of this Agreement. If an ambiguity or question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the parties and no presumption or burden of proof will arise favoring or disfavoring any party because of authorship of any provision of this Agreement. Except as expressly set forth in this Agreement, neither the parties nor their affiliates, advisors and/or their attorneys have made any representation or warranty, express or implied, at law or in equity with respect of the subject matter contained herein. Without limiting the generality of the previous sentence, the Companies, their affiliates, advisors, and/or attorneys have made no representation or warranty to Executive concerning the state or Federal tax consequences to Executive regarding the transactions contemplated by this Agreement.

[THE REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK; SIGNATURE PAGE IMMEDIATELYFOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Amended Employment Agreement between VNRH and Richard A. Robert as of the day and year first above written.

“EXECUTIVE”

/s/ Richard A. Robert
Richard A. Robert

VNR HOLDINGS, LLC

“COMPANY”

By: /s/ Scott W. Smith

Its: President

VANGUARD NATURAL RESOURCES, LLC

By: /s/ Scott W

Its: President and Chief Executive Officer

APPENDIX A

Annual Bonus

APPENDIX B

[Restricted Unit Agreement]

APPENDIX C

[Phantom Unit Agreement]

VANGUARD NATURAL RESOURCES, LLC
LONG-TERM INCENTIVE PLAN
RESTRICTED UNIT AWARD AGREEMENT

To: Scott W. Smith

Date of Grant: January 1, 2010

Number of Units: 15,000

THIS RESTRICTED UNIT AWARD AGREEMENT (the “*Agreement*”) is made as of January 1, 2010 between Vanguard Natural Resources, LLC (the “*Company*”), and Scott W. Smith (the “*Executive*”) pursuant to the terms and conditions of the Company’s Long-Term Incentive Plan (the “*Plan*”) and that certain Second Amended and Restated Employment Agreement between Executive and the Company dated January 1, 2010 (the “*Employment Agreement*”). A copy of the Plan is being furnished to the Executive concurrently with the execution of this Agreement which shall be deemed a part of this Agreement as if fully set forth herein. By the execution of this Agreement, the Executive acknowledges receipt of a copy of the Plan. Unless the context otherwise requires, all terms defined in the Plan shall have the same meaning when used herein.

WHEREAS, the Board of Directors of the Company (the “*Board*”) has adopted the Plan to encourage and enable certain employees and consultants of the Company to acquire Awards the value of which is tied to the performance of the common unit (a “*Unit*”) of the Company, thus providing them with a more direct concern in the welfare of the Company and assuring a closer identification of their interests with those of the Company; and

WHEREAS, the Executive is one of such eligible employees.

NOW THEREFORE, the parties agree as follows:

1. Restricted Unit Award. The Company hereby grants to the Executive (the “*Award*”), effective as of January 1, 2010 (the “*Date of Grant*”), an award of 15,000 restricted Units, subject to the terms and conditions set forth in the Plan, which is incorporated herein by reference, and in this Agreement, including, without limitation, those restrictions described in Section 2 (the “*Restricted Units*”). The Award is specifically made subject to execution by the Executive of this Agreement.

2. Forfeiture Restrictions. The Restricted Units are restricted in that they may be forfeited to the Company and in that they may not, except as otherwise provided in this Agreement or in the Plan, be transferred or otherwise disposed of by the Executive until such restrictions are removed or expire as described in Section 3 of this Agreement. The Company shall issue in the Executive’s name the Restricted Units and shall retain the Restricted Units until the restrictions on such Restricted Units expire or until the Restricted Units are forfeited as described in Section 3 of this Agreement. The Executive agrees that the Company will hold the Restricted Units pursuant to the terms of this Agreement until such time as the Restricted Units are either delivered to the Executive or forfeited pursuant to this Agreement.

3. Vesting and Forfeiture of Restricted Units. Subject to the terms and conditions of this Agreement, the restrictions described in Section 2 shall lapse and the Restricted Units shall become vested and nonforfeitable, provided the Officer has continuously provided services to the Company, without interruption, from the Date of Grant through each applicable vesting date (each, a “*Vesting Date*”), in accordance with the following schedule:

Vesting Date	Percentage of Restricted Units Vested
January 1, 2011	33 1/3%
January 1, 2012	66 2/3%
January 1, 2013	100%

Restricted Units that may be settled pursuant to the schedule above are “*Vested Units*.” Restricted Units that may not be settled pursuant to the schedule above are “*Unvested Units*.”

(a) Termination of Employment for Other Than Cause, or by Executive for Good Reason. In the event the Company terminates the Executive’s employment for any reason other than for Cause, or Executive voluntarily resigns for Good Reason (both terms as defined in the Employment Agreement, as the same may be amended from time to time), all Unvested Units shall immediately become Vested Units and thereafter this Award may be settled pursuant to Section 4 below with respect to the number of Vested Units held by the Executive.

(b) Termination Employment for Cause. In the event the Executive’s employment is terminated for Cause all Restricted Units (both Vested Units and Unvested Units) that have not been settled as of the date of such removal shall be forfeited.

(c) Termination by Reason of Death or Disability. For purposes of this Agreement, termination by reason of the Executive’s death or Disability (as defined in the Employment Agreement, as the same may be amended from time to time) shall be deemed to be a termination pursuant to Section 3(a) above.

(d) Change in Control. Upon the occurrence of a Change in Control, all Unvested Units shall immediately become Vested Units held by the Executive.

4. Settlement of Restricted Units. Subject to Section 10 below, the Executive shall be entitled to have the restrictions removed from his Unit certificate(s) as to the number of Restricted Units that become Vested Units on any given Vesting Date or any date of accelerated vesting pursuant to Sections 3(a), 3(c) or 3(d) above, so that the Executive then holds an unrestricted Unit.

5. Transferability and Assignment. This Agreement and the Restricted Units granted hereunder will not be transferable by the Executive other than by will or the laws of descent and distribution. Any attempt by the Executive to transfer, assign, pledge, hypothecate, or otherwise dispose of such rights contrary to the provisions in this Agreement or the Plan, or upon the levy of any attachment or similar process upon such rights, such rights shall immediately become null and void.

6. Recapitalization or Reorganization.

(a) Existence of Plan and Award. The existence of the Plan and the Award shall not affect in any way the right or power of the Board or the members of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of debt or equity securities ahead of or affecting Units or the rights thereof, the dissolution or liquidation of the Company or any sale, lease, exchange or other disposition of all or any part of its assets or business or any other corporate act or proceeding.

(b) Subdivision or Consolidation of Units. The terms of this Award shall be subject to adjustment from time to time, in accordance with the following provisions:

(i) If at any time, or from time to time, the Company shall subdivide as a whole (by reclassification, by a unit split, by the issuance of a dividend on Units payable in Units, or otherwise) the number of shares of Units then outstanding into a greater number of shares of Units, then the number of shares of Restricted Units specified in Section 1 above shall be increased proportionately.

(ii) If at any time, or from time to time, the Company shall consolidate as a whole (by reclassification, reverse unit split, or otherwise) the number of shares of Units then outstanding into a lesser number of shares of Units, the number of shares of Restricted Units specified in Section 1 above shall be decreased proportionately.

(iii) Whenever the number of shares of Units subject to this Award are required to be adjusted as provided in this Section 6(b), the Committee shall promptly prepare and deliver to the Executive a notice setting forth, in reasonable detail, the event requiring adjustment, the amount of the adjustment, the method by which such adjustment was calculated, and the change in the number of shares of Restricted Units specified in Section 1 above after giving effect to the adjustments. The Committee shall promptly give the Executive such a notice.

(iv) Adjustments under Sections 6(b)(i) and (ii) shall be made by the Committee, and its determination as to what adjustments shall be made and the extent thereof shall be final, binding, and conclusive.

7. No Multiple Payments. Settlement of the Restricted Units shall not occur under more than one provision of this Agreement.

8. Information Confidential. As partial consideration for the granting of the Restricted Units hereunder, the Executive hereby agrees with the Company that the Executive will keep confidential all information and knowledge that the Executive has relating to the terms and conditions of this Agreement; provided, however, that such information may be disclosed as required by law and may be given in confidence to the Executive's spouse, tax and financial advisors, or to a financial institution to the extent that such information is necessary to secure a loan. In the event any breach of this promise comes to the attention of the Company, it shall take into consideration that breach in determining whether to recommend the grant of any future similar award to the Executive, as a factor militating against the advisability of granting any such future award to the Executive.

9. No Right to Continued Employment. This Agreement shall not be construed to confer upon the Executive any right to continue as an employee of the Company. Any question as to whether there has been a termination of such employment, and the cause of such termination, shall be determined by the Committee or the Board and its determination shall be final and binding.

10. Payment of Taxes. The Company may from time to time, in its discretion, require the Executive to pay the Company the amount that the Company deems necessary to satisfy the Company's current or future obligation to withhold federal, state or local income or other taxes incurred by the Executive as a result of the vesting or settlement of the Award. With respect to any required tax withholding, (a) the Company may withhold from any Unit settlement the number of Units necessary to satisfy the Company's obligation to withhold taxes, (b) with the Company's consent, the Executive may deliver sufficient cash to the Company to satisfy its tax withholding obligations, or (c) the withholding obligations may be met by any such other arrangement that is acceptable to the Company and the Executive. In the event that the Company subsequently determines that the amount withheld as payment of any tax withholding obligation is insufficient to discharge that tax withholding obligation, then the Executive shall pay to the Company, immediately upon the Company's request, the amount of that deficiency.

11. Administration. This Agreement shall at all times be subject to the terms and conditions of the Plan. The Committee shall have sole and complete discretion with respect to all matters reserved to it by the Plan and decisions of a majority of the Committee with respect thereto and this Agreement shall be final and binding upon the Executive and the Company. In the event of any conflict between the terms and conditions of this Agreement and the Plan, the provisions of the Plan shall control.

12. Unfunded Arrangement. This Agreement and the Plan shall not give a Executive any security or other interest in any assets of the Company; rather the Executive's right to the Award is that of a general unsecured creditor of the Company.

13. No Liability for Good Faith Determinations. The Company, the Committee and the members of the Board shall not be liable for any act,

omission or determination taken or made in good faith with respect to this Agreement or the Restricted Units granted hereunder.

14. No Guarantee of Interests. The Company, the Committee and the members of the Board do not guarantee the Units from loss or depreciation.

15. Company Records. Records of the Company regarding the Executive's period of service, termination of service and the reason therefor, leaves of absence, and other matters shall be conclusive for all purposes hereunder, unless determined by the Company to be incorrect.

16. Company Action. Any action required of the Company shall be by resolution of its Board or by a person authorized to act by resolution of the Board.

17. Severability. If any provision of this Agreement is held to be illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions hereof, but such provision shall be fully severable and this Agreement shall be construed and enforced as if the illegal or invalid provision had never been included herein.

18. Notices. All notices required or permitted under this Agreement must be in writing and personally delivered or sent by mail and shall be deemed to be delivered on the date on which it is actually received by the person to whom it is properly addressed. A notice shall be effective when actually received by the Company in writing and in conformance with this Agreement and the Plan.

19. Waiver of Notice. Any person entitled to notice hereunder may waive such notice.

20. Successors. This Agreement shall be binding upon the Executive, the Executive's legal representatives, heirs, legatees and distributees, and upon the Company, its successors and assigns.

21. Headings. The titles and headings of Sections are included for convenience of reference only and are not to be considered in construction of the provisions hereof.

22. Governing Law. All questions arising with respect to the provisions of this Agreement shall be determined by application of the laws of the State of c without regard to choice of law provisions thereunder, except to the extent Delaware law is preempted by federal law.

23. Word Usage. Words used in the masculine shall apply to the feminine where applicable, and wherever the context of this Agreement dictates, the plural shall be read as the singular and the singular as the plural.

24. Amendment. This Agreement may be amended by the Committee or the Board; provided, however, that no amendment may decrease Executive's rights inherent in this Agreement prior to such amendment without Executive's express written consent. Notwithstanding the provisions of this Section 24, this Agreement may be amended by the Committee, without the consent of the Executive, to the extent necessary to comply with applicable laws and regulations and to conform the provisions of this Agreement to any changes thereto or to settle the Award pursuant to all applicable provisions of the Plan.

25. Nonqualified Deferred Compensation Rules. In the event this Award fails to meet the limitations, requirements or exemptions of or from Section 409A of the Internal Revenue Code of 1986, as amended (the "*Code*"), or the laws, rules, and regulations promulgated in connection with Section 409A of the Code, then this Award shall be modified by the Committee, in its sole discretion, to the limited extent necessary to satisfy such nonqualified deferred compensation rules.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer effective as of January 1, 2010.

VANGUARD NATURAL RESOURCES, LLC

By: /s/ W. Richard Anderson

Name: W. Richard Anderson

Title: Chairman of the Board

EXECUTIVE

/s/ Scott W. Smith

Scott W. Smith

VANGUARD NATURAL RESOURCES, LLC
LONG-TERM INCENTIVE PLAN
RESTRICTED UNIT AWARD AGREEMENT

To: Richard A. Robert

Date of Grant: January 1, 2010

Number of Units: 15,000

THIS RESTRICTED UNIT AWARD AGREEMENT (the “*Agreement*”) is made as of January 1, 2010 between Vanguard Natural Resources, LLC (the “*Company*”), and Richard A. Robert (the “*Executive*”) pursuant to the terms and conditions of the Company’s Long-Term Incentive Plan (the “*Plan*”) and that certain Second Amended and Restated Employment Agreement between Executive and the Company dated January 1, 2010 (the “*Employment Agreement*”). A copy of the Plan is being furnished to the Executive concurrently with the execution of this Agreement which shall be deemed a part of this Agreement as if fully set forth herein. By the execution of this Agreement, the Executive acknowledges receipt of a copy of the Plan. Unless the context otherwise requires, all terms defined in the Plan shall have the same meaning when used herein.

WHEREAS, the Board of Directors of the Company (the “*Board*”) has adopted the Plan to encourage and enable certain employees and consultants of the Company to acquire Awards the value of which is tied to the performance of the common unit (a “*Unit*”) of the Company, thus providing them with a more direct concern in the welfare of the Company and assuring a closer identification of their interests with those of the Company; and

WHEREAS, the Executive is one of such eligible employees.

NOW THEREFORE, the parties agree as follows:

1. Restricted Unit Award. The Company hereby grants to the Executive (the “*Award*”), effective as of January 1, 2010 (the “*Date of Grant*”), an award of 15,000 restricted Units, subject to the terms and conditions set forth in the Plan, which is incorporated herein by reference, and in this Agreement, including, without limitation, those restrictions described in Section 2 (the “*Restricted Units*”). The Award is specifically made subject to execution by the Executive of this Agreement.

2. Forfeiture Restrictions. The Restricted Units are restricted in that they may be forfeited to the Company and in that they may not, except as otherwise provided in this Agreement or in the Plan, be transferred or otherwise disposed of by the Executive until such restrictions are removed or expire as described in Section 3 of this Agreement. The Company shall issue in the Executive’s name the Restricted Units and shall retain the Restricted Units until the restrictions on such Restricted Units expire or until the Restricted Units are forfeited as described in Section 3 of this Agreement. The Executive agrees that the Company will hold the Restricted Units pursuant to the terms of this Agreement until such time as the Restricted Units are either delivered to the Executive or forfeited pursuant to this Agreement.

3. Vesting and Forfeiture of Restricted Units. Subject to the terms and conditions of this Agreement, the restrictions described in Section 2 shall lapse and the Restricted Units shall become vested and nonforfeitable, provided the Officer has continuously provided services to the Company, without interruption, from the Date of Grant through each applicable vesting date (each, a “*Vesting Date*”), in accordance with the following schedule:

Vesting Date	Percentage of Restricted Units Vested
January 1, 2011	33 1/3%
January 1, 2012	66 2/3%
January 1, 2013	100%

Restricted Units that may be settled pursuant to the schedule above are “*Vested Units*.” Restricted Units that may not be settled pursuant to the schedule above are “*Unvested Units*.”

(a) Termination of Employment for Other Than Cause, or by Executive for Good Reason. In the event the Company terminates the Executive’s employment for any reason other than for Cause, or Executive voluntarily resigns for Good Reason (both terms as defined in the Employment Agreement, as the same may be amended from time to time), all Unvested Units shall immediately become Vested Units and thereafter this Award may be settled pursuant to Section 4 below with respect to the number of Vested Units held by the Executive.

(b) Termination Employment for Cause. In the event the Executive’s employment is terminated for Cause all Restricted Units (both Vested Units and Unvested Units) that have not been settled as of the date of such removal shall be forfeited.

(c) Termination by Reason of Death or Disability. For purposes of this Agreement, termination by reason of the Executive’s death or Disability (as defined in the Employment Agreement, as the same may be amended from time to time) shall be deemed to be a termination pursuant to Section 3(a) above.

(d) Change in Control. Upon the occurrence of a Change in Control, all Unvested Units shall immediately become Vested Units held by the Executive.

4. Settlement of Restricted Units. Subject to Section 10 below, the Executive shall be entitled to have the restrictions removed from his Unit certificate(s) as to the number of Restricted Units that become Vested Units on any given Vesting Date or any date of accelerated vesting pursuant to Sections 3(a), 3(c) or 3(d) above, so that the Executive then holds an unrestricted Unit.

5. Transferability and Assignment. This Agreement and the Restricted Units granted hereunder will not be transferable by the Executive other than by will or the laws of descent and distribution. Any attempt by the Executive to transfer, assign, pledge, hypothecate, or otherwise dispose of such rights contrary to the provisions in this Agreement or the Plan, or upon the levy of any attachment or similar process upon such rights, such rights shall immediately become null and void.

6. Recapitalization or Reorganization.

(a) Existence of Plan and Award. The existence of the Plan and the Award shall not affect in any way the right or power of the Board or the members of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of debt or equity securities ahead of or affecting Units or the rights thereof, the dissolution or liquidation of the Company or any sale, lease, exchange or other disposition of all or any part of its assets or business or any other corporate act or proceeding.

(b) Subdivision or Consolidation of Units. The terms of this Award shall be subject to adjustment from time to time, in accordance with the following provisions:

(i) If at any time, or from time to time, the Company shall subdivide as a whole (by reclassification, by a unit split, by the issuance of a dividend on Units payable in Units, or otherwise) the number of shares of Units then outstanding into a greater number of shares of Units, then the number of shares of Restricted Units specified in Section 1 above shall be increased proportionately.

(ii) If at any time, or from time to time, the Company shall consolidate as a whole (by reclassification, reverse unit split, or otherwise) the number of shares of Units then outstanding into a lesser number of shares of Units, the number of shares of Restricted Units specified in Section 1 above shall be decreased proportionately.

(iii) Whenever the number of shares of Units subject to this Award are required to be adjusted as provided in this Section 6(b), the Committee shall promptly prepare and deliver to the Executive a notice setting forth, in reasonable detail, the event requiring adjustment, the amount of the adjustment, the method by which such adjustment was calculated, and the change in the number of shares of Restricted Units specified in Section 1 above after giving effect to the adjustments. The Committee shall promptly give the Executive such a notice.

(iv) Adjustments under Sections 6(b)(i) and (ii) shall be made by the Committee, and its determination as to what adjustments shall be made and the extent thereof shall be final, binding, and conclusive.

7. No Multiple Payments. Settlement of the Restricted Units shall not occur under more than one provision of this Agreement.

8. Information Confidential. As partial consideration for the granting of the Restricted Units hereunder, the Executive hereby agrees with the Company that the Executive will keep confidential all information and knowledge that the Executive has relating to the terms and conditions of this Agreement; provided, however, that such information may be disclosed as required by law and may be given in confidence to the Executive's spouse, tax and financial advisors, or to a financial institution to the extent that such information is necessary to secure a loan. In the event any breach of this promise comes to the attention of the Company, it shall take into consideration that breach in determining whether to recommend the grant of any future similar award to the Executive, as a factor militating against the advisability of granting any such future award to the Executive.

9. No Right to Continued Employment. This Agreement shall not be construed to confer upon the Executive any right to continue as an employee of the Company. Any question as to whether there has been a termination of such employment, and the cause of such termination, shall be determined by the Committee or the Board and its determination shall be final and binding.

10. Payment of Taxes. The Company may from time to time, in its discretion, require the Executive to pay the Company the amount that the Company deems necessary to satisfy the Company's current or future obligation to withhold federal, state or local income or other taxes incurred by the Executive as a result of the vesting or settlement of the Award. With respect to any required tax withholding, (a) the Company may withhold from any Unit settlement the number of Units necessary to satisfy the Company's obligation to withhold taxes, (b) with the Company's consent, the Executive may deliver sufficient cash to the Company to satisfy its tax withholding obligations, or (c) the withholding obligations may be met by any such other arrangement that is acceptable to the Company and the Executive. In the event that the Company subsequently determines that the amount withheld as payment of any tax withholding obligation is insufficient to discharge that tax withholding obligation, then the Executive shall pay to the Company, immediately upon the Company's request, the amount of that deficiency.

11. Administration. This Agreement shall at all times be subject to the terms and conditions of the Plan. The Committee shall have sole and complete discretion with respect to all matters reserved to it by the Plan and decisions of a majority of the Committee with respect thereto and this Agreement shall be final and binding upon the Executive and the Company. In the event of any conflict between the terms and conditions of this Agreement and the Plan, the provisions of the Plan shall control.

12. Unfunded Arrangement. This Agreement and the Plan shall not give a Executive any security or other interest in any assets of the Company; rather the Executive's right to the Award is that of a general unsecured creditor of the Company.

13. No Liability for Good Faith Determinations. The Company, the Committee and the members of the Board shall not be liable for any act,

omission or determination taken or made in good faith with respect to this Agreement or the Restricted Units granted hereunder.

14. No Guarantee of Interests. The Company, the Committee and the members of the Board do not guarantee the Units from loss or depreciation.

15. Company Records. Records of the Company regarding the Executive's period of service, termination of service and the reason therefor, leaves of absence, and other matters shall be conclusive for all purposes hereunder, unless determined by the Company to be incorrect.

16. Company Action. Any action required of the Company shall be by resolution of its Board or by a person authorized to act by resolution of the Board.

17. Severability. If any provision of this Agreement is held to be illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions hereof, but such provision shall be fully severable and this Agreement shall be construed and enforced as if the illegal or invalid provision had never been included herein.

18. Notices. All notices required or permitted under this Agreement must be in writing and personally delivered or sent by mail and shall be deemed to be delivered on the date on which it is actually received by the person to whom it is properly addressed. A notice shall be effective when actually received by the Company in writing and in conformance with this Agreement and the Plan.

19. Waiver of Notice. Any person entitled to notice hereunder may waive such notice.

20. Successors. This Agreement shall be binding upon the Executive, the Executive's legal representatives, heirs, legatees and distributees, and upon the Company, its successors and assigns.

21. Headings. The titles and headings of Sections are included for convenience of reference only and are not to be considered in construction of the provisions hereof.

22. Governing Law. All questions arising with respect to the provisions of this Agreement shall be determined by application of the laws of the State of c without regard to choice of law provisions thereunder, except to the extent Delaware law is preempted by federal law.

23. Word Usage. Words used in the masculine shall apply to the feminine where applicable, and wherever the context of this Agreement dictates, the plural shall be read as the singular and the singular as the plural.

24. Amendment. This Agreement may be amended by the Committee or the Board; provided, however, that no amendment may decrease Executive's rights inherent in this Agreement prior to such amendment without Executive's express written consent. Notwithstanding the provisions of this Section 24, this Agreement may be amended by the Committee, without the consent of the Executive, to the extent necessary to comply with applicable laws and regulations and to conform the provisions of this Agreement to any changes thereto or to settle the Award pursuant to all applicable provisions of the Plan.

25. Nonqualified Deferred Compensation Rules. In the event this Award fails to meet the limitations, requirements or exemptions of or from Section 409A of the Internal Revenue Code of 1986, as amended (the "*Code*"), or the laws, rules, and regulations promulgated in connection with Section 409A of the Code, then this Award shall be modified by the Committee, in its sole discretion, to the limited extent necessary to satisfy such nonqualified deferred compensation rules.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer effective as of January 1, 2010.

VANGUARD NATURAL RESOURCES, LLC

By: /s/ Scott W. Smith

Name: Scott W. Smith

Title: President and Chief Executive Officer

EXECUTIVE

/s/ Richard A. Robert

Richard A. Robert

VANGUARD NATURAL RESOURCES, LLC
LONG-TERM INCENTIVE PLAN
PHANTOM UNIT AWARD AGREEMENT

To: Scott W. Smith

Date of Grant: January 1, 2010

Number of Units: 15,000

THIS PHANTOM UNIT AWARD AGREEMENT (the “*Agreement*”) is made as of January 1, 2010 between Vanguard Natural Resources, LLC (the “*Company*”), and Scott W. Smith (the “*Executive*”) pursuant to the terms and conditions of the Company’s Long-Term Incentive Plan (the “*Plan*”) and that certain Second Amended and Restated Employment Agreement between Executive and the Company dated January 1, 2010 (the “*Employment Agreement*”). A copy of the Plan is being furnished to the Executive concurrently with the execution of this Agreement which shall be deemed a part of this Agreement as if fully set forth herein. By the execution of this Agreement, the Executive acknowledges receipt of a copy of the Plan. Unless the context otherwise requires, all terms defined in the Plan shall have the same meaning when used herein.

WHEREAS, the Board of Directors of the Company (the “*Board*”) has adopted the Plan to encourage and enable certain employees and consultants of the Company to acquire Awards the value of which is tied to the performance of the common unit (a “*Unit*”) of the Company, thus providing them with a more direct concern in the welfare of the Company and assuring a closer identification of their interests with those of the Company; and

WHEREAS, the Executive is one of such eligible employees.

NOW THEREFORE, the parties agree as follows:

1. Phantom Unit Award. The Company hereby grants to the Executive (the “*Award*”), effective as of January 1, 2010 (the “*Date of Grant*”), in accordance with the terms and conditions set forth herein and in the Plan, the right to receive a cash payment equal to the excess, if any, of (a) the Fair Market Value of a Unit on the applicable determination date, over (b) the Fair Market Value of a Unit on the Date of Grant, with respect to 15,000 shares of Units (the “*Phantom Units*”). The Award is specifically made subject to execution by the Executive of this Agreement.

2. Dividend Equivalents. The Executive will be entitled to receive, from the date of settlement of this Award, an additional right to dividend equivalents, or DERs, which shall be equal in value to the value of any dividends made by the Company with respect to the number of shares of Units specified in Section 1 above on and after the Date of Grant. The Executive may choose, in his discretion, whether to (a) directly receive the DERs in the form of a cash payment at the time that all other members of the Company receive distributions in relation to Units, or (b) receive a credit to a bookkeeping account (without interest) for any DER received from the Date of Grant until the payment of the underlying Phantom Units. The Executive will notify the Committee of his choice by filing an election form with the Secretary of the Company, such form to be provided by the Committee in accordance with the rules and procedures adopted by the Committee.

3. Vesting of Phantom Units. Subject to the earlier expiration of this Award as herein provided, this Award may be settled in accordance with the provisions of this Agreement in accordance with the following schedule:

Date of Vesting	Percentage of Rights That Become Vested
January 1, 2013 (Three Year Anniversary of the Date of Grant)	100%

Phantom Units that may be settled pursuant to the schedule above are “Vested Units.” Phantom Units that may not be settled pursuant to the schedule above are “Unvested Units.”

(a) Termination of Employment for Cause. In the event the Executive’s employment is terminated for Cause all Phantom Units (both Vested Units and Unvested Units) that have not been settled as of the date of such removal shall be forfeited.

(b) Termination of Employment without Cause or a Change of Control Prior to Vesting. In the event that a settlement event described in Section 4 below occurs prior to the Unvested Units becoming Vested Units according to the schedule above in this Section 3, the Unvested Units shall be forfeited.

4. Settlement of Phantom Units and DERs.

(a) Settlement. The Vested Units shall be settled by the Company within the earliest to occur of the following periods: (i) except in the event that Executive is terminated for Cause as noted in Section 3 above, the period beginning on the date the Executive incurs a “separation from service” (within the meaning of Treasury Regulation § 1.409A-1(h)(1)) from the Company and ending on December 31 of the calendar year of such “separation from service,” or (ii) within 90 days following a Change in Control. Notwithstanding Section 4(a)(i), in the event the Executive’s “separation from service” occurs on or after December 1 of a calendar year, the Vested Units settleable pursuant to Section 4(a)(i) will be settled as soon as administratively feasible following such “separation from service,” but in no event later than 60 days following such “separation from service.” The Vested Units will be settled through a single lump-sum cash payment to the Executive. Where applicable, settlement of the DERs credited to the Executive from the Date of Grant through the date of the settlement of the Vested Units shall also be included in the single lump-sum cash payment the Executive is entitled to receive according to this Section 4(a).

(b) Procedures. Settlement of Phantom Units shall be subject to and pursuant to rules and procedures established by the Committee in its sole discretion.

5. Transferability and Assignment. This Agreement and the Phantom Units granted hereunder will not be transferable by the Executive other than by will or the laws of descent and distribution. Any attempt by the Executive to transfer, assign, pledge, hypothecate, or otherwise dispose of such rights contrary to the provisions in this Agreement or the Plan, or upon the levy of any attachment or similar process upon such rights, such rights shall immediately become null and void.

6. Recapitalization or Reorganization.

(a) Existence of Plan and Award. The existence of the Plan and the Award shall not affect in any way the right or power of the Board or the members of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of debt or equity securities ahead of or affecting Units or the rights thereof, the dissolution or liquidation of the Company or any sale, lease, exchange or other disposition of all or any part of its assets or business or any other corporate act or proceeding.

(b) Subdivision or Consolidation of Units. The terms of this Award shall be subject to adjustment from time to time, in accordance with the following provisions:

(i) If at any time, or from time to time, the Company shall subdivide as a whole (by reclassification, by a unit split, by the issuance of a dividend on Units payable in Units, or otherwise) the number of shares of Units then outstanding into a greater number of shares of Units, then the number of shares of Phantom Units specified in Section 1 above shall be increased proportionately.

(ii) If at any time, or from time to time, the Company shall consolidate as a whole (by reclassification, reverse unit split, or otherwise) the number of shares of Units then outstanding into a lesser number of shares of Units, the number of shares of Phantom Units specified in Section 1 above shall be decreased proportionately.

(iii) Whenever the number of shares of Units subject to this Award are required to be adjusted as provided in this Section 6(b), the Committee shall promptly prepare and deliver to the Executive a notice setting forth, in reasonable detail, the event requiring adjustment, the amount of the adjustment, the method by which such adjustment was calculated, and the change in the number of shares of Phantom Units specified in Section 1 above after giving effect to the adjustments. The Committee shall promptly give the Executive such a notice.

(iv) Adjustments under Sections 6(b)(i) and (ii) shall be made by the Committee, and its determination as to what adjustments shall be made and the extent thereof shall be final, binding, and conclusive.

7. No Multiple Payments. Settlement of the Phantom Units shall not occur under more than one provision of this Agreement.

8. Information Confidential. As partial consideration for the granting of the Phantom Units hereunder, the Executive hereby agrees with the Company that the Executive will keep confidential all information and knowledge that the Executive has relating to the terms and conditions of this Agreement; provided, however, that such information may be disclosed as required by law and may be given in confidence to the Executive's spouse, tax and financial advisors, or to a financial institution to the extent that such information is necessary to secure a loan. In the event any breach of this promise comes to the attention of the Company, it shall take into consideration that breach in determining whether to recommend the grant of any future similar award to the Executive, as a factor militating against the advisability of granting any such future award to the Executive.

9. No Right to Continued Employment. This Agreement shall not be construed to confer upon the Executive any right to continue as an employee of the Company. Any question as to whether there has been a termination of such employment, and the cause of such termination, shall be determined by the Committee or the Board and its determination shall be final and binding.

10. Payment of Taxes. The Company may from time to time, in its discretion, require the Executive to pay the Company the amount that the Company deems necessary to satisfy the Company's current or future obligation to withhold federal, state or local income or other taxes incurred by the Executive as a result of the Award. With respect to any required tax withholding, (a) the Company may withhold from the cash payment to be paid to the Executive the amount necessary to satisfy the Company's obligation to withhold taxes, (b) with the Company's consent, the Executive may deliver sufficient cash to the Company to satisfy its tax withholding obligations, or (c) the withholding obligations may be met by any such other arrangement that is acceptable to the Company and the Executive. In the event that the Company subsequently determines that the amount withheld as payment of any tax withholding obligation is insufficient to discharge that tax withholding obligation, then the Executive shall pay to the Company, immediately upon the Company's request, the amount of that deficiency.

11. Administration. This Agreement shall at all times be subject to the terms and conditions of the Plan. The Committee shall have sole and complete discretion with respect to all matters reserved to it by the Plan and decisions of a majority of the Committee with respect thereto and this Agreement shall be final and binding upon the Executive and the Company. In the event of any conflict between the terms and conditions of this Agreement and the Plan, the provisions of the Plan shall control.

12. Unfunded Arrangement. This Agreement and the Plan shall not give a Executive any security or other interest in any assets of the Company; rather the Executive's right to the Award is that of a general unsecured creditor of the Company.

13. No Liability for Good Faith Determinations. The Company, the Committee and the members of the Board shall not be liable for any act, omission or determination taken or made in good faith with respect to this Agreement or the Phantom Units granted hereunder.

14. No Guarantee of Interests. The Company, the Committee and the members of the Board do not guarantee the Units from loss or depreciation.

15. Company Records. Records of the Company regarding the Executive's period of service, termination of service and the reason therefor, leaves of absence, and other matters shall be conclusive for all purposes hereunder, unless determined by the Company to be incorrect.

16. Company Action. Any action required of the Company shall be by resolution of its Board or by a person authorized to act by resolution of the Board.

17. Severability. If any provision of this Agreement is held to be illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining provisions hereof, but such provision shall be fully severable and this Agreement shall be construed and enforced as if the illegal or invalid provision had never been included herein.

18. Notices. All notices required or permitted under this Agreement must be in writing and personally delivered or sent by mail and shall be deemed to be delivered on the date on which it is actually received by the person to whom it is properly addressed. A notice shall be effective when actually received by the Company in writing and in conformance with this Agreement and the Plan.

19. Waiver of Notice. Any person entitled to notice hereunder may waive such notice.

20. Successors. This Agreement shall be binding upon the Executive, the Executive's legal representatives, heirs, legatees and distributees, and upon the Company, its successors and assigns.

21. Headings. The titles and headings of Sections are included for convenience of reference only and are not to be considered in construction of the provisions hereof.

22. Governing Law. All questions arising with respect to the provisions of this Agreement shall be determined by application of the laws of the State of Delaware without regard to choice of law provisions thereunder, except to the extent Delaware law is preempted by federal law.

23. Word Usage. Words used in the masculine shall apply to the feminine where applicable, and wherever the context of this Agreement dictates, the plural shall be read as the singular and the singular as the plural.

24. Amendment. This Agreement may be amended by the Committee or the Board; provided, however, that no amendment may decrease Executive's rights inherent in this Agreement prior to such amendment without Executive's express written consent. Notwithstanding the provisions of this Section 24, this Agreement may be amended by the Committee, without the consent of the Executive, to the extent necessary to comply with applicable laws and regulations and to conform the provisions of this Agreement to any changes thereto or to settle the Award pursuant to all applicable provisions of the Plan.

25. Nonqualified Deferred Compensation Rules. In the event this Award fails to meet the limitations, requirements or exemptions of or from Section 409A of the Internal Revenue Code of 1986, as amended (the "*Code*"), or the laws, rules, and regulations promulgated in connection with Section 409A of the Code, then this Award shall be modified by the Committee, in its sole discretion, to the limited extent necessary to satisfy such nonqualified deferred compensation rules.

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IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer effective as of January 1, 2010.

VANGUARD NATURAL RESOURCES, LLC

By: /s/ W. Richard Anderson

Name: W. Richard Anderson

Title: Chairman of the Board

EXECUTIVE

/s/ Scott W. Smith

Scott W. Smith

VANGUARD NATURAL RESOURCES, LLC
LONG-TERM INCENTIVE PLAN
PHANTOM UNIT AWARD AGREEMENT

To: Richard A. Robert

Date of Grant: January 1, 2010

Number of Units: 15,000

THIS PHANTOM UNIT AWARD AGREEMENT (the “*Agreement*”) is made as of January 1, 2010 between Vanguard Natural Resources, LLC (the “*Company*”), and Richard A. Robert (the “*Executive*”) pursuant to the terms and conditions of the Company’s Long-Term Incentive Plan (the “*Plan*”) and that certain Second Amended and Restated Employment Agreement between Executive and the Company dated January 1, 2010 (the “*Employment Agreement*”). A copy of the Plan is being furnished to the Executive concurrently with the execution of this Agreement which shall be deemed a part of this Agreement as if fully set forth herein. By the execution of this Agreement, the Executive acknowledges receipt of a copy of the Plan. Unless the context otherwise requires, all terms defined in the Plan shall have the same meaning when used herein.

WHEREAS, the Board of Directors of the Company (the “*Board*”) has adopted the Plan to encourage and enable certain employees and consultants of the Company to acquire Awards the value of which is tied to the performance of the common unit (a “*Unit*”) of the Company, thus providing them with a more direct concern in the welfare of the Company and assuring a closer identification of their interests with those of the Company; and

WHEREAS, the Executive is one of such eligible employees.

NOW THEREFORE, the parties agree as follows:

1. Phantom Unit Award. The Company hereby grants to the Executive (the “*Award*”), effective as of January 1, 2010 (the “*Date of Grant*”), in accordance with the terms and conditions set forth herein and in the Plan, the right to receive a cash payment equal to the excess, if any, of (a) the Fair Market Value of a Unit on the applicable determination date, over (b) the Fair Market Value of a Unit on the Date of Grant, with respect to 15,000 shares of Units (the “*Phantom Units*”). The Award is specifically made subject to execution by the Executive of this Agreement.

2. Dividend Equivalents. The Executive will be entitled to receive, from the date of settlement of this Award, an additional right to dividend equivalents, or DERs, which shall be equal in value to the value of any dividends made by the Company with respect to the number of shares of Units specified in Section 1 above on and after the Date of Grant. The Executive may choose, in his discretion, whether to (a) directly receive the DERs in the form of a cash payment at the time that all other members of the Company receive distributions in relation to Units, or (b) receive a credit to a bookkeeping account (without interest) for any DER received from the Date of Grant until the payment of the underlying Phantom Units. The Executive will notify the Committee of his choice by filing an election form with the Secretary of the Company, such form to be provided by the Committee in accordance with the rules and procedures adopted by the Committee.

3. Vesting of Phantom Units. Subject to the earlier expiration of this Award as herein provided, this Award may be settled in accordance with the provisions of this Agreement in accordance with the following schedule:

Date of Vesting	Percentage of Rights That Become Vested
January 1, 2013 (Three Year Anniversary of the Date of Grant)	100%

Phantom Units that may be settled pursuant to the schedule above are “Vested Units.” Phantom Units that may not be settled pursuant to the schedule above are “Unvested Units.”

(a) Termination of Employment for Cause. In the event the Executive’s employment is terminated for Cause all Phantom Units (both Vested Units and Unvested Units) that have not been settled as of the date of such removal shall be forfeited.

(b) Termination of Employment without Cause or a Change of Control Prior to Vesting. In the event that a settlement event described in Section 4 below occurs prior to the Unvested Units becoming Vested Units according to the schedule above in this Section 3, the Unvested Units shall be forfeited.

4. Settlement of Phantom Units and DERs.

(a) Settlement. The Vested Units shall be settled by the Company within the earliest to occur of the following periods: (i) except in the event that Executive is terminated for Cause as noted in Section 3 above, the period beginning on the date the Executive incurs a “separation from service” (within the meaning of Treasury Regulation § 1.409A-1(h)(1)) from the Company and ending on December 31 of the calendar year of such “separation from service,” or (ii) within 90 days following a Change in Control. Notwithstanding Section 4(a)(i), in the event the Executive’s “separation from service” occurs on or after December 1 of a calendar year, the Vested Units settleable pursuant to Section 4(a)(i) will be settled as soon as administratively feasible following such “separation from service,” but in no event later than 60 days following such “separation from service.” The Vested Units will be settled through a single lump-sum cash payment to the Executive. Where applicable, settlement of the DERs credited to the Executive from the Date of Grant through the date of the settlement of the Vested Units shall also be included in the single lump-sum cash payment the Executive is entitled to receive according to this Section 4(a).

(b) Procedures. Settlement of Phantom Units shall be subject to and pursuant to rules and procedures established by the Committee in its sole discretion.

5. Transferability and Assignment. This Agreement and the Phantom Units granted hereunder will not be transferable by the Executive other than by will or the laws of descent and distribution. Any attempt by the Executive to transfer, assign, pledge, hypothecate, or otherwise dispose of such rights contrary to the provisions in this Agreement or the Plan, or upon the levy of any attachment or similar process upon such rights, such rights shall immediately become null and void.

6. Recapitalization or Reorganization.

(a) Existence of Plan and Award. The existence of the Plan and the Award shall not affect in any way the right or power of the Board or the members of the Company to make or authorize any adjustment, recapitalization, reorganization or other change in the Company's capital structure or its business, any merger or consolidation of the Company, any issue of debt or equity securities ahead of or affecting Units or the rights thereof, the dissolution or liquidation of the Company or any sale, lease, exchange or other disposition of all or any part of its assets or business or any other corporate act or proceeding.

(b) Subdivision or Consolidation of Units. The terms of this Award shall be subject to adjustment from time to time, in accordance with the following provisions:

(i) If at any time, or from time to time, the Company shall subdivide as a whole (by reclassification, by a unit split, by the issuance of a dividend on Units payable in Units, or otherwise) the number of shares of Units then outstanding into a greater number of shares of Units, then the number of shares of Phantom Units specified in Section 1 above shall be increased proportionately.

(ii) If at any time, or from time to time, the Company shall consolidate as a whole (by reclassification, reverse unit split, or otherwise) the number of shares of Units then outstanding into a lesser number of shares of Units, the number of shares of Phantom Units specified in Section 1 above shall be decreased proportionately.

(iii) Whenever the number of shares of Units subject to this Award are required to be adjusted as provided in this Section 6(b), the Committee shall promptly prepare and deliver to the Executive a notice setting forth, in reasonable detail, the event requiring adjustment, the amount of the adjustment, the method by which such adjustment was calculated, and the change in the number of shares of Phantom Units specified in Section 1 above after giving effect to the adjustments. The Committee shall promptly give the Executive such a notice.

(iv) Adjustments under Sections 6(b)(i) and (ii) shall be made by the Committee, and its determination as to what adjustments shall be made and the extent thereof shall be final, binding, and conclusive.

7. No Multiple Payments. Settlement of the Phantom Units shall not occur under more than one provision of this Agreement.

8. Information Confidential. As partial consideration for the granting of the Phantom Units hereunder, the Executive hereby agrees with the Company that the Executive will keep confidential all information and knowledge that the Executive has relating to the terms and conditions of this Agreement; provided, however, that such information may be disclosed as required by law and may be given in confidence to the Executive's spouse, tax and financial advisors, or to a financial institution to the extent that such information is necessary to secure a loan. In the event any breach of this promise comes to the attention of the Company, it shall take into consideration that breach in determining whether to recommend the grant of any future similar award to the Executive, as a factor militating against the advisability of granting any such future award to the Executive.

9. No Right to Continued Employment. This Agreement shall not be construed to confer upon the Executive any right to continue as an employee of the Company. Any question as to whether there has been a termination of such employment, and the cause of such termination, shall be determined by the Committee or the Board and its determination shall be final and binding.

10. Payment of Taxes. The Company may from time to time, in its discretion, require the Executive to pay the Company the amount that the Company deems necessary to satisfy the Company's current or future obligation to withhold federal, state or local income or other taxes incurred by the Executive as a result of the Award. With respect to any required tax withholding, (a) the Company may withhold from the cash payment to be paid to the Executive the amount necessary to satisfy the Company's obligation to withhold taxes, (b) with the Company's consent, the Executive may deliver sufficient cash to the Company to satisfy its tax withholding obligations, or (c) the withholding obligations may be met by any such other arrangement that is acceptable to the Company and the Executive. In the event that the Company subsequently determines that the amount withheld as payment of any tax withholding obligation is insufficient to discharge that tax withholding obligation, then the Executive shall pay to the Company, immediately upon the Company's request, the amount of that deficiency.

11. Administration. This Agreement shall at all times be subject to the terms and conditions of the Plan. The Committee shall have sole and complete discretion with respect to all matters reserved to it by the Plan and decisions of a majority of the Committee with respect thereto and this Agreement shall be final and binding upon the Executive and the Company. In the event of any conflict between the terms and conditions of this Agreement and the Plan, the provisions of the Plan shall control.

12. Unfunded Arrangement. This Agreement and the Plan shall not give a Executive any security or other interest in any assets of the Company; rather the Executive's right to the Award is that of a general unsecured creditor of the Company.

13. No Liability for Good Faith Determinations. The Company, the Committee and the members of the Board shall not be liable for any act, omission or determination taken or made in good faith with respect to this Agreement or the Phantom Units granted hereunder.

14. No Guarantee of Interests. The Company, the Committee and the members of the Board do not guarantee the Units from loss or depreciation.

15. Company Records. Records of the Company regarding the Executive's period of service, termination of service and the reason therefor, leaves of absence, and other matters shall be conclusive for all purposes hereunder, unless determined by the Company to be incorrect.

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VANGUARD NATURAL RESOURCES, LLC

By: /s/ Scott W. Smith

Name: Scott W. Smith

Title: President and Chief Executive Officer

EXECUTIVE

/s/ Richard A. Robert

Richard A. Robert
