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): **January 3, 2011 (December 31, 2010)**

Vanguard Natural Resources, LLC

(Exact name of registrant as specified in its charter)

DELAWARE	**001-33756**	**61-1521161**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

5847 San Felipe, Suite 3000
Houston, Texas 77057
(Address of principal executive offices) (Zip Code)

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

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

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

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. ***Entry into a Material Definitive Agreement.***

On January 3, 2011, Vanguard Natural Resources, LLC (the "Company") announced the completion of the acquisition by its wholly-owned subsidiary Vanguard Natural Gas, LLC ("VNG") of all of the member interests in Encore Energy Partners GP LLC ("ENP GP"), the general partner of Encore Energy Partners LP ("ENP") and 20,924,055 common units representing limited partnership interests in ENP (the "ENP Units") for aggregate consideration of $380.0 million (the "Acquisition") pursuant to a Purchase Agreement (the "Purchase Agreement") with Denbury Resources Inc. ("Denbury"), Encore Partners GP Holdings LLC, Encore Partners LP Holdings LLC and Encore Operating, L.P. (collectively, the "Encore Selling Parties" and, together with Denbury, the "Selling Parties"). The Acquisition was completed on December 31, 2010.

Consistent with its previously announced election, VNG paid $80.0 million of the purchase price by issuing 3,137,255 common units representing limited liability company interests in the Company ("Company Units") at an agreed upon price of $25.50 per Company Unit (the "Optional Equity Consideration") and the remainder of the purchase price in cash. The Company Units were issued to Encore Operating, L.P.

Registration Rights Agreement

In connection with closing of the Acquisition and the issuance of the Optional Equity Consideration, the Company entered into a Registration Rights Agreement, dated December 31, 2010, with Encore Operating L.P. (the "Registration Rights Agreement"). Pursuant to the Registration Rights Agreement, the Company has agreed to register for resale the Optional Equity Consideration promptly upon a request made by the Selling Parties after July 31, 2011 and has agreed, subject to certain limitations, to allow the Selling Parties to participate in certain offerings that the Company may conduct in the future.

Pursuant to the terms of the Purchase Agreement, the parties have also agreed that Encore Operating, L.P. will not sell any Company Units issued as Optional Equity Consideration until July 31, 2011; provided that beginning on July 1, 2011, Encore Operating, L.P. may make sales of a portion of the Optional Equity Consideration, in compliance with and pursuant to the provisions of Rule 144 promulgated under the Securities Act of 1933 applicable to an "affiliate" as defined therein.

The description of the Registration Rights Agreement in this Item 1.01 is qualified in its entirety by reference to the full text of the Registration Rights Agreement, which is filed as Exhibit 10.1 hereto and incorporated herein by reference.

Administrative Services Agreement

Also in connection with closing of the Acquisition, VNG entered into a Second Amended and Restated Administrative Services Agreement, dated December 31, 2010, with ENP, ENP GP, Encore Operating, L.P., Encore Energy Partners Operating LLC (the "Operating Company") and Denbury (the "Services Agreement"). The Services Agreement was amended solely to add VNG as a party and provide for VNG to assume the rights and obligations of Encore Operating and Denbury under the previous administrative services agreement going forward.

Pursuant to the Services Agreement, VNG will provide certain general and administrative services to ENP, ENP GP and the Operating Company (collectively, the "ENP Group") in exchange for a quarterly fee of $2.06 per barrel of oil equivalent, or BOE, of the ENP Group's total net oil and gas production for the most recently-completed quarter, which fee is paid by ENP (the "Administrative Fee"). The Administrative Fee is subject to certain index-related adjustments on an annual basis. ENP also is obligated to reimburse VNG for all third-party expenses it incurs on behalf of the ENP Group. These terms are identical to the terms under which Denbury and Encore Operating provided administrative services to the ENP Group prior to the amendment and restatement of the Services Agreement.

The description of the Services Agreement in this Item 1.01 is qualified in its entirety by reference to the full text of the Services Agreement, which is filed as Exhibit 10.2 hereto and incorporated herein by reference.

Amendments to Second Amended and Restated Credit Agreement and Term Loan Agreement

On December 31, 2010, VNG entered into that certain Fourth Amendment to Second Amended and Restated Credit Agreement (the "Fourth Amendment") among Citibank, N.A., as Administrative Agent and L/C Issuer, the Lenders party thereto and VNG. The Fourth Amendment, among other things, contains certain amendments necessary to exclude ENP GP's pledge of the general partners interests issued by ENP that it owns as collateral securing the loans and other extensions of credit made to VNG pursuant to the Second Amended and Restated Credit Agreement. Additionally, the Fourth Amendment clarifies the amounts guarantied by subsidiaries of VNG pursuant to guaranty agreements previously delivered by such subsidiaries.

On December 31, 2010, VNG entered into that certain First Amendment to Term Loan Agreement (the "First Amendment") among BNP Paribas, as Administrative Agent, the Lenders party thereto and VNG. The First Amendment, among other things, contains certain amendments necessary to exclude ENP GP's pledge of the general partners interests issued by ENP that it owns as collateral securing the loans and other extensions of credit made to VNG pursuant to the Term Loan Agreement.

The descriptions of the Fourth Amendment and First Amendment in this Item 1.01 is qualified in its entirety by reference to the full text of the Term Loan Amendment and Credit Facility Amendment, which are filed as Exhibits 10.3 and 10.4 hereto, respectively, and incorporated herein by reference.

Item 2.01. ***Completion of Acquisition or Disposition of Assets.***

On December 31, 2010, the Company and VNG completed the Acquisition, as further described under Item 1.01 above, which disclosures are incorporated into this Item 2.01 by reference.

ENP is a publicly-traded Delaware limited partnership engaged in the acquisition, exploitation, and development of oil and natural gas properties. ENP's properties and oil and natural gas reserves are located in the Big Horn Basin in Wyoming and Montana; the Permian Basin in west Texas and New Mexico; the Williston Basin in North Dakota and Montana; and the Arkoma Basin in Arkansas and Oklahoma. ENP GP owns a 1.10% general partnership interest in ENP.

The description of the Acquisition contained in this Item 2.01 does not purport to be complete and is qualified in its entirety by reference to the Purchase Agreement, which was filed as Exhibit 2.1 to the Company's Current Report on Form 8-K filed with the Securities and Exchange Commission on November 17, 2010 and is incorporated herein by reference.

Item 3.02. ***Unregistered Sales of Equity Securities***.

The issuance of the Optional Equity Consideration to Encore Operating, L.P. was an unregistered sale of equity securities made in reliance on an exemption from the registration requirements of the Securities Act of 1933, as amended, pursuant to Section 4(2) thereof. The issuance of the Optional Equity Consideration is further described under Item 1.01 above, which disclosures are incorporated into this Item 3.02 by reference.

Item 7.01 ***Regulation FD Disclosure*****.**

On January 3, 2011, the Company issued a press release announcing the completion of the Acquisition. A copy of the press release is filed as Exhibit 99.1 hereto and is incorporated herein by reference.

The information furnished pursuant to Item 7.01 in this Current Report on Form 8-K, including Exhibits 99.1 and 99.5, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liability of that section, unless the Partnership specifically states that the information is considered "filed" under the Exchange Act or incorporates it by reference into a filing under the Securities Act of 1933 or the Exchange Act.

Item 8.01. ***Other Events*****.**

In connection with the closing of the Acquisition, as further described under Item 1.01 above, the Company adopted policies relating to the conflicts of interest among the Company, ENP GP and ENP that may arise in connection with certain business opportunities (the "Business Opportunity Policy"). The Business Opportunity Policy addresses (i) standards for independence and separateness of the Boards of Directors of the Company, ENP GP and the Conflicts Committees of the respective Boards of Directors in the event of a material transaction between either the Company, on one hand, and ENP on the other hand, and (ii) procedures for the apportionment of business opportunities between the Company and ENP.

The description of the Business Opportunity Policy in this Item 8.01 is qualified in its entirety by reference to the full text of the Business Opportunity Policy, which is filed as Exhibit 99.2 hereto and incorporated herein by reference.

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

(a) Financial Statements of Business Acquired.

On December 2, 2010, the Company filed on Form 8-K the audited consolidated financial statements of ENP for the years ended December 31, 2009, 2008 and 2007 and the unaudited consolidated financial statements of ENP for the three and nine month periods ended September 30, 2010 and 2009, in satisfaction of the requirements of Item 9.01(a) of Form 8-K. The historical financial information included under Item 9.01 of the Company's Form 8-K filed on December 2, 2010 is incorporated into this Item 9.01 by reference.

(b) Pro Forma Financial Information.

On December 2, 2010, the Company filed on Form 8-K the pro forma financial information required by Item 9.01(b) of Form 8-K and Article 11 of Regulation S-X. The pro forma financial information included under Item 9.01 of the Company's Form 8-K filed on December 2, 2010 is incorporated into this Item 9.01 by reference.

(d) Exhibits.

EXHIBIT NUMBER	DESCRIPTION
Exhibit 10.1	Registration Rights Agreement, dated December 31, 2010, by and between Vanguard Natural Resources, LLC and Encore Operating, L.P.
Exhibit 10.2	Second Amended and Restated Administrative Services Agreement, dated December 31, 2010, by and among Vanguard Natural Gas, LLC, Denbury Resources Inc., Encore Energy Partners GP LLC, Encore Energy Partners LP, Encore Operating, L.P. and Encore Energy Partners Operating LLC.
Exhibit 10.3	First Amendment, dated December 31, 2010, to Term Loan Agreement among Vanguard Natural Gas, LLC, BNP Paribas, as Administrative Agent, and the Lenders party thereto.
Exhibit 10.4	Fourth Amendment, dated December 31, 2010, to Second Amended and Restated Credit Agreement among Vanguard Natural Gas, LLC, Citibank, N.A., as Administrative Agent and L/C Issuer, and the Lenders party thereto.
Exhibit 99.1	Press Release dated January 3, 2011.
Exhibit 99.2	Business Opportunity Policy adopted by Vanguard Natural Resources, LLC as of December 31, 2010.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

VANGUARD NATURAL RESOURCES, LLC

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

January 3, 2011

EXHIBIT INDEX

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Exhibit 10.4	Fourth Amendment, dated December 31, 2010, to Second Amended and Restated Credit Agreement among Vanguard Natural Gas, LLC, the Guarantors named therein, Citibank, N.A., as Administrative Agent and L/C Issuer, and the Lenders party thereto.
Exhibit 99.1	Press Release dated January 3, 2011.
Exhibit 99.2	Business Opportunity Policy adopted by Vanguard Natural Resources, LLC as of December 31, 2010.

Exhibit 10.1

REGISTRATION RIGHTS AGREEMENT

among

VANGUARD NATURAL RESOURCES, LLC

and

ENCORE OPERATING, L.P.

dated as of December 31, 2010

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REGISTRATION RIGHTS AGREEMENT

This **REGISTRATION RIGHTS AGREEMENT**, dated as of December 31, 2010 (this "Agreement"), is entered into by and among VANGUARD NATURAL RESOURCES, LLC, a Delaware limited liability company ("Vanguard"), and ENCORE OPERATING, L.P., a Texas limited partnership ("***Denbury***").

This Agreement is made in connection with the issuance of the Covered Common Units to Denbury pursuant to that certain Purchase Agreement dated as of November 16, 2010 (the "***Purchase Agreement***") by and among Denbury Resources Inc., a Delaware corporation, Encore Partners GP Holdings LLC, a Delaware limited liability company, Encore Partners LP Holdings LLC, a Delaware limited liability company, Denbury, Vanguard Natural Gas, LLC, a Kentucky limited liability company and Vanguard. Vanguard and Denbury have agreed to enter into this Agreement pursuant to Section 1.2 of the Purchase Agreement in connection with Buyer's election to provide for an Equity Portion of the Purchase Price in accordance with Section 1.3(a) of the Purchase Agreement.

In consideration of the mutual covenants and agreements set forth herein and for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each party hereto, the parties hereby agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. Capitalized terms used in this Agreement and not defined herein shall have the meanings ascribed to such terms in the Purchase Agreement. As used in this Agreement, the following terms have the meanings indicated:

"Agreement" shall have the meaning specified in the introductory paragraph of this Agreement.

"Commission" means the Securities and Exchange Commission or any successor governmental authority.

"Common Units" means common units representing limited liability company interests in Vanguard.

"Covered Common Units" means the 3,137,255 common units representing limited partner interests in Vanguard issued to Denbury pursuant to the Purchase Agreement.

"Denbury" shall have the meaning specified in the introductory paragraph of this Agreement.

"Effective Date" means, with respect to a particular Shelf Registration Statement, the date of effectiveness of such Shelf Registration Statement.

"Effectiveness Period" shall have the meaning specified in Section 2.01(a) of this Agreement.

"Exchange Act" means the Securities and Exchange Act of 1934, as amended, or any successor federal statute, and the rules and regulations thereunder of the Commission, all as shall be in effect at the time of the determination.

"Filing Date" shall have the meaning specified in Section 2.01(a) of this Agreement.

"Holder" means a record holder of Registrable Securities.

"Included Registrable Securities" shall have the meaning specified in Section 2.02(a) of this Agreement.

"Liquidated Damages" shall have the meaning specified in Section 2.01(c) of this Agreement.

"Liquidated Damages Cap" shall have the meaning specified in Section 2.01(d) of this Agreement.

"Losses" shall have the meaning specified in Section 2.08(a) of this Agreement.

"Managing Underwriter" means, with respect to any Underwritten Offering, the book running lead manager of such Underwritten Offering.

"NYSE" means the New York Stock Exchange.

"Opt-Out Notice" shall have the meaning specified in Section 2.02(a).

"Other Holder" shall have the meaning specified in Section 2.02(b) of this Agreement.

"Piggyback Offering" shall have the meaning specified in Section 2.02(a) of this Agreement.

"Primary Offering" shall have the meaning specified in Section 2.04(n) of this Agreement.

"Purchase Agreement" shall have the meaning specified in the recitals of this Agreement.

"Registrable Securities" means the Covered Common Units until such time as such securities cease to be Registrable Securities pursuant to Section 1.02 of this Agreement.

"Registration Expenses" shall have the meaning specified in Section 2.07(a) of this Agreement.

"Selling Expenses" shall have the meaning specified in Section 2.07(a) of this Agreement.

"Selling Holder" means a Holder who is selling Registrable Securities under a registration statement pursuant to the terms of this Agreement.

"Shelf Registration Statement" means a registration statement under the Securities Act to permit the public resale of the Registrable Securities from time to time as permitted by Rule 415 of the Securities Act (or any similar provision then in force under the Securities Act).

"Securities Act" means the Securities Act of 1933, as amended, or any successor federal statute, and the rules and regulations thereunder of the Commission, all as shall be in effect at the time of the determination.

"Underwritten Offering" means an offering by Vanguard (including an offering pursuant to a Shelf Registration Statement) in which Common Units are sold to an underwriter on a firm commitment basis for reoffering to the public or an offering that is a "bought deal" with one or more investment banks.

"Unit Purchase Price" means $25.50 per Common Unit.

"Vanguard" shall have the meaning specified in the introductory paragraph of this Agreement.

Section 1.02 Registrable Securities. Any Registrable Security will cease to be a Registrable Security at the earliest of the following: (a) when a registration statement covering such Registrable Security becomes or has been declared effective by the Commission and such Registrable Security has been sold or disposed of pursuant to such registration statement; (b) when such Registrable Security has been disposed of pursuant to Rule 144 (or any similar provision then in force) under the Securities Act; (c) when such Registrable Security is held by Vanguard or one of its subsidiaries; (d) when such Registrable Security has been sold in a private transaction in which the transferor's rights under this Agreement are not assigned to the transferee of such securities pursuant to the terms of this Agreement; and (e) three (3) years from the Effective Date of the registration statement relating to such Registrable Securities.

ARTICLE II

REGISTRATION RIGHTS

Section 2.01 Shelf Registration.

(a) *Shelf Registration*. At any time following July 31, 2011, as soon as practicable and in any event within 30 days following Vanguard's receipt of written notice from the Holders of a majority of the Registrable Securities then outstanding requesting the filing of a Shelf Registration Statement, Vanguard shall use its reasonable best efforts to prepare and file a Shelf Registration Statement under the Securities Act covering Registrable Securities then outstanding. Vanguard shall use its reasonable best efforts to cause a Shelf Registration Statement to become effective no later than 120 days after the date of the filing of such Shelf Registration Statement (the " Filing Date"). A Shelf Registration Statement filed pursuant to this Section 2.01(a) shall be on such appropriate registration form of the Commission as shall be selected by Vanguard. Vanguard will use its reasonable best efforts to cause a Shelf Registration Statement filed pursuant to this Section 2.01(a) to be continuously effective, supplemented and amended to the extent necessary to ensure that it is available for resale of the Registrable Securities by the Holders and that it conforms in all material respects with the requirements of the Securities Act, in each case during the entire period until the earliest date on which any of the following occurs: (i) all Registrable Securities covered by such Shelf Registration Statement have been distributed in the manner set forth and as contemplated in such Shelf Registration Statement, (ii) there are no longer any Registrable Securities outstanding and (iii) three (3) years from the Effective Date of such Shelf Registration Statement (the "Effectiveness Period"). Vanguard shall ensure that a Shelf Registration Statement when it becomes or is declared effective (including the documents incorporated therein by reference) will comply as to form in all material respects with all applicable requirements of the Securities Act and the Exchange Act and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading (and, in the case of any prospectus contained in such Shelf Registration Statement, in the light of the circumstances under which a statement is made). As soon as practicable following the Effective Date of a Shelf Registration Statement, but in any event within three (3) Business Days of such date, Vanguard will notify the Selling Holders of the effectiveness of such Shelf Registration Statement.

(b) *Maximum Shelf Registration Requests; Delay Rights* .

(i) Notwithstanding anything to the contrary contained in this Agreement, Vanguard shall not be obligated to file or effect more than two (2) Shelf Registration Statements pursuant to Section 2.01 of this Agreement.

(ii) Notwithstanding anything to the contrary contained in this Agreement, Vanguard may, upon written notice to any Selling Holder whose Registrable Securities are included in a Shelf Registration Statement, suspend such Selling Holder's use of any prospectus that is a part of such Shelf Registration Statement (in which event the Selling Holder shall discontinue sales of the Registrable Securities pursuant to the Shelf Registration Statement) if (A) Vanguard is pursuing an acquisition, merger, reorganization, disposition or other similar transaction and Vanguard determines in good faith that Vanguard's ability to pursue or consummate such a transaction would be materially and adversely affected by any required disclosure of such transaction in the Shelf Registration Statement or (B) Vanguard has experienced some other material non-public event the disclosure of which at such time, in the good faith judgment of Vanguard, would materially and adversely affect Vanguard; provided, however, that in no event shall the Selling Holders be suspended from selling Registrable Securities pursuant to the Shelf Registration Statement for a period that exceeds an aggregate of forty-five (45) days in any one hundred-eighty (180) day period or sixty (60) days (exclusive of days covered by any lock-up agreement executed by a Selling Holder in connection with any Underwritten Offering by Vanguard) in any 365 day period. Upon disclosure of such information or the termination of the conditions described above, Vanguard shall provide prompt notice to the Selling Holders whose Registrable Securities are included in the Shelf Registration Statement, and shall promptly terminate any suspension of sales it has put into effect and shall take such other actions necessary or appropriate to permit registered sales of Registrable Securities as contemplated in this Agreement.

(c) *Failure To Become Effective*. If a Shelf Registration Statement required by Section 2.01(a) does not become or is not declared effective within 120 days after its Filing Date, then each Selling Holder shall be entitled to a payment (with respect to each Registrable Security held by the Selling Holder), as liquidated damages and not as a penalty, of 0.25% per annum of the Unit Purchase Price for the first 30-day period immediately following the 120th day after the Filing Date, with such payment amount increasing by an additional 0.25% per annum of the Unit Purchase Price for each subsequent 30-day period, up to a maximum of 2.00% per annum of the Unit Purchase Price (the " Liquidated Damages"), until such time as such Shelf Registration Statement becomes effective or is declared effective or the Registrable Securities covered by such Shelf Registration Statement are no longer outstanding.

(d) *General*. The Liquidated Damages shall be paid to each Selling Holder in cash within ten (10) Business Days of the end of each such 30-day period. Any payments made pursuant to this Section 2.01(d) shall constitute the Selling Holders' exclusive remedy for such events. The Liquidated Damages imposed hereunder shall be paid to the Selling Holders in immediately available funds. In no event will the aggregate amount of Liquidated Damages paid to the Selling Holders exceed 6% of the aggregate value of the Equity Portion of the Purchase Price (the " Liquidated Damages Cap"). If Vanguard certifies that it is unable to pay the Liquidated Damages in cash because such payment would result in a breach under any of Vanguard's or Vanguard's Subsidiaries' credit facilities filed as exhibits to the Vanguard SEC Documents, then Vanguard may pay the Liquidated Damages in kind in the form of the issuance of additional Common Units. Upon any issuance of Common Units as Liquidated Damages, Vanguard shall promptly prepare and file an amendment to the applicable Shelf Registration Statement prior to its effectiveness adding such Common Units to such Shelf Registration Statement as additional Registrable Securities. The determination of the number of Common Units to be issued as the Liquidated Damages shall be equal to such amounts divided by the volume weighted average price of Vanguard's Common Units on NASDAQ for the five (5) consecutive trading days ending on the last trading day ending before the date on which the Liquidated Damages payment is due. In addition to being subject to the Liquidated Damages Cap, the payment of Liquidated Damages to a Selling Holder shall cease at such time as the Registrable Securities of such Selling Holder become eligible for resale without limitation as to volume under Rule 144 of the Securities Act.

Section 2.02 Piggyback Rights.

(a) *Participation*. If at any time during the Effectiveness Period Vanguard proposes to file a prospectus supplement to an effective shelf registration statement, other than a Shelf Registration Statement contemplated by Section 2.01, for the sale of Common Units in an Underwritten Offering for its own account, then, as soon as practicable but not less than five (5) Business Days prior to the filing of (A) any preliminary prospectus supplement relating to such Underwritten Offering pursuant to Rule 424(b) of the Securities Act or (B) the prospectus supplement relating to such Underwritten Offering pursuant to Rule 424(b) of the Securities Act (if no preliminary prospectus supplement is used), Vanguard shall give notice of such proposed Underwritten Offering to the Holders and such notice shall offer the Holders the opportunity to include in such Underwritten Offering such number of Registrable Securities (the "Included Registrable Securities") as each such Holder may request in writing (a "Piggyback Offering"), up to an aggregate of fifteen percent of the total number of Common Units to be offered and sold using the prospectus supplement; provided, however, that Vanguard shall not be required to offer such opportunity to Holders if (aa) the Underwritten Offering is a "bought deal" or "overnight marketed offering," (bb) the Holders do not offer a minimum of $15 million of Registrable Securities, in the aggregate (determined by multiplying the number of Registrable Securities held by the participating Holdings by the volume weighted average closing price on the NYSE for Common Units for the five (5) consecutive trading days ending on the last trading day ending before the date of such notice) or (cc) Vanguard has been advised by the Managing Underwriter that the inclusion of Registrable Securities for sale for the benefit of the Holders will have an adverse effect on the price, timing or distribution of the Common Units, in which case the amount of Registrable Securities to be offered for the accounts of participating Holders shall be determined based on the provisions of Section 2.02(b) of this Agreement. Each Holder shall keep any information relating to any such Underwritten Offering confidential and shall not disseminate or in any way disclose such information. Each Holder shall then have three (3) Business Days from the date of such notice to request inclusion of its Registrable Securities in the Piggyback Offering. If no request for inclusion from a Holder is received within the specified time, such Holder shall have no further right to participate in such Piggyback Offering. If, at any time after giving written notice of its intention to undertake an Underwritten Offering and prior to the closing of such Underwritten Offering, Vanguard shall determine for any reason not to undertake or to delay such Underwritten Offering, Vanguard may, at its election, give written notice of such determination to the Selling Holders and, (x) in the case of a determination not to undertake such Underwritten Offering, shall be relieved of its obligation to sell any Included Registrable Securities in connection with such terminated Underwritten Offering, and (y) in the case of a determination to delay such Underwritten Offering, shall be permitted to delay offering any Included Registrable Securities for the same period as the delay of the Underwritten Offering. Any Selling Holder shall have the right to withdraw such Selling Holder's request for inclusion of such Selling Holder's Registrable Securities in such Underwritten Offering by giving written notice to Vanguard of such withdrawal at least one (1) Business Day prior to the time of the public announcement of Vanguard's intention to conduct such Underwritten Offering. Each Holder's rights under this Section 2.02(a) shall terminate when such Holder holds less than $10 million of Registrable Securities (based on the Unit Purchase Price). Notwithstanding the foregoing, any Holder may deliver written notice (an " Opt-Out Notice") to Vanguard requesting that such Holder not receive notice from Vanguard of any proposed Underwritten Offering; provided, however, that such Holder may later revoke any such Opt-Out Notice in writing.

(b) *Priority of Piggyback Rights*. In connection with an Underwritten Offering contemplated by Section 2.02(a) that involves a Piggyback Offering, if the Managing Underwriter or Underwriters of such proposed Underwritten Offering advises Vanguard that the total amount of Common Units that the Selling Holders and any other Persons intend to include in such Underwritten Offering exceeds the number that can be sold in such Underwritten Offering without being likely to have an adverse effect on the price, timing or distribution of the Common Units offered or the market for the Common Units, then the Common Units to be included in such Underwritten Offering shall include the number of Common Units that such Managing Underwriter or Underwriters advises Vanguard can be sold without having such adverse effect, with such number to be allocated (i) first to Vanguard, (ii) second pro rata among the Selling Holders and any other Persons who have been or are granted registration rights on or after the date of this Agreement who have requested participation in the Piggyback Offering (the " Other Holders") based, for each such Selling Holder or Other Holder, on the percentage derived by dividing (A) the number of Common Units proposed to be sold by such Selling Holder(s) or such Other Holder in such Piggyback Offering; by (B) the aggregate number of Common Units proposed to be sold by all Selling Holders and all Other Holders in the Piggyback Offering.

Section 2.03 Termination. This Agreement, and the rights and obligations of the parties hereunder, shall terminate on the earlier to occur of:

(a) The failure of Denbury to perform and comply in all material respects with all covenants and agreements contained in Section 1.5 of the Purchase Agreement; and

(b) The fifth anniversary of the Closing Date (as defined in the Purchase Agreement).

Section 2.04 Sale Procedures. In connection with its obligations under this Article II, Vanguard will, as expeditiously as possible:

(a) prepare and file with the Commission such amendments and supplements to a Shelf Registration Statement and the prospectus used in connection therewith as may be necessary to keep such Shelf Registration Statement effective for the Effectiveness Period and as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Shelf Registration Statement;

(b) furnish to each Selling Holder (i) as far in advance as reasonably practicable before filing a Shelf Registration Statement or any other registration statement contemplated by this Agreement or any supplement or amendment thereto, copies of reasonably complete drafts of all such documents proposed to be filed (including exhibits and each document incorporated by reference therein to the extent then required by the rules and regulations of the Commission), and provide each such Selling Holder the opportunity to object to any information pertaining to such Selling Holder and its plan of distribution that is contained therein and make the corrections reasonably requested by such Selling Holder with respect to such information prior to filing such Shelf Registration Statement or such other registration statement and the prospectus included therein or any supplement or amendment thereto, and (ii) an electronic copy of such Shelf Registration Statement or such other registration statement and the prospectus included therein and any supplements and amendments thereto in order to facilitate the public sale or other disposition of the Registrable Securities covered by such Shelf Registration Statement or other registration statement;

(c) if applicable, use its commercially reasonable efforts to register or qualify the Registrable Securities covered by a Shelf Registration Statement or any other registration statement contemplated by this Agreement under the securities or "blue sky" laws of all applicable jurisdictions as the Selling Holders shall reasonably request; provided, however, that Vanguard shall not be required to qualify generally to transact business in any jurisdiction where it is not then required to so qualify or to take any action which would subject it to general service of process in any such jurisdiction where it is not then so subject;

(d) immediately notify each Selling Holder at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of (i) the filing of a Shelf Registration Statement or any other registration statement contemplated by this Agreement or any prospectus or prospectus supplement to be used in connection therewith, or any amendment or supplement thereto, and, with respect to such Shelf Registration Statement or any other registration statement or any post-effective amendment thereto, when the same has become effective; and (ii) the receipt of any written comments from the Commission with respect to any filing referred to in clause (i) and any written request by the Commission for amendments or supplements to such Shelf Registration Statement or any other registration statement or any prospectus or prospectus supplement thereto;

(e) immediately notify each Selling Holder at any time when a prospectus relating thereto is required to be delivered under the Securities Act, of (i) the happening of any event as a result of which the prospectus or prospectus supplement contained in a Shelf Registration Statement or any other registration statement contemplated by this Agreement, as then in effect, or any supplemental amendment thereto, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing; (ii) the issuance or threat of issuance by the Commission of any stop order suspending the effectiveness of such Shelf Registration Statement or any other registration statement contemplated by this Agreement, or the initiation of any proceedings for that purpose; or (iii) the receipt by Vanguard of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the applicable securities or blue sky laws of any jurisdiction. Following the provision of such notice, Vanguard agrees to as promptly as practicable amend or supplement the prospectus or prospectus supplement or take other appropriate action so that the prospectus or prospectus supplement does not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in the light of the circumstances then existing and to take such other action as is necessary to remove a stop order, suspension, threat thereof or proceedings related thereto;

(f) furnish to each Selling Holder, subject to appropriate confidentiality obligations, copies of any and all transmittal letters or other correspondence with the Commission or any other governmental agency or self-regulatory body or other body having jurisdiction (including any domestic or foreign securities exchange) relating to such offering of Registrable Securities;

(g) otherwise use its reasonable best efforts to comply with all applicable rules and regulations of the Commission, and make available to its security holders, as soon as reasonably practicable, an earnings statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 promulgated thereunder;

(h) cause all such Registrable Securities registered pursuant to this Agreement to be listed on each securities exchange or nationally recognized quotation system, if any, on which similar securities issued by Vanguard are then listed;

(i) use its reasonable best efforts to cause the Registrable Securities to be registered with or approved by such other governmental agencies or authorities as may be necessary by virtue of the business and operations of Vanguard to enable the Selling Holders to consummate the disposition of such Registrable Securities;

(j) provide a transfer agent and registrar for all Registrable Securities covered by such registration statement not later than the effective date of such registration statement;

(k) take such other actions as are reasonably requested by the Selling Holders to expedite or facilitate the disposition of such Registrable Securities.

Each Selling Holder, upon receipt of notice from Vanguard of the happening of any event of the kind described in subsection (e) of this Section 2.04, shall forthwith discontinue disposition of the Registrable Securities until such Selling Holder's receipt of the copies of the supplemented or amended prospectus contemplated by subsection (e) of this Section 2.04 or until it is advised in writing by Vanguard that the use of the prospectus may be resumed, and has received copies of any additional or supplemental filings incorporated by reference in the prospectus, and, if so directed by Vanguard, such Selling Holder will deliver to Vanguard all copies in their possession or control, other than permanent file copies then in such Selling Holder's possession, of the prospectus and any prospectus supplement covering such Registrable Securities current at the time of receipt of such notice.

Vanguard shall: (i) as soon as practicable incorporate in a prospectus supplement or post-effective amendment such information as a Selling Holder reasonably requests to be included therein relating to the sale and distribution of Registrable Securities, including information with respect to the number of Registrable Securities being offered or sold, the purchase price being paid therefor and any other terms of the offering of the Registrable Securities to be sold in such offering; (ii) as soon as practicable make all required filings of such prospectus supplement or post-effective amendment after being notified of the matters to be incorporated in such prospectus supplement or post-effective amendment; and (iii) as soon as practicable, supplement or make amendments to any Shelf Registration Statement or any other registration statement contemplated by this Agreement.

Section 2.05 Cooperation by Holders. Vanguard shall have no obligation to include Registrable Securities of a Holder in a Shelf Registration Statement under Article II of this Agreement if such Selling Holder has failed to timely furnish all such information that, in the opinion of counsel to Vanguard, is reasonably required for such registration statement or prospectus supplement, as applicable, to comply with the Securities Act.

Section 2.06 Restrictions on Public Sale by Holders of Registrable Securities. During the Effectiveness Period, each Holder of Registrable Securities who is included in a Shelf Registration Statement agrees not to effect any public sale or distribution of the Registrable Securities during the thirty (30) calendar day period beginning on the date that a prospectus supplement or other prospectus (including any free writing prospectus) is filed with the Commission with respect to an Underwritten Offering of equity securities of Vanguard; provided, that the duration of the foregoing restrictions shall be no longer than the duration of the shortest restriction generally imposed by the underwriters on the officers, directors or any other unitholder of Vanguard on whom a restriction is imposed in connection with such public offering; provided, further, that this Section 2.06 shall apply only to a Selling Holder (together with any Affiliates that are Selling Holders) that holds at least $25 million of Registrable Securities, in the aggregate (determined by multiplying the number of Registrable Securities owned by the average of the closing price for Common Units for the five (5) consecutive trading days ending on the last trading day ending before the date of such filing).

Section 2.07 Expenses.

(a) *Certain Definitions*. "Registration Expenses" means all expenses incident to Vanguard's performance under or compliance with this Agreement to effect the registration of Registrable Securities in a Shelf Registration Statement pursuant to Section 2.01 or a Piggyback Offering pursuant to Section 2.02, and the disposition of such securities, including, without limitation, all customary registration, filing, securities exchange listing and the NYSE fees, all customary registration, filing, qualification and other fees and expenses of complying with securities or "blue sky" laws, fees of the Financial Industry Regulatory Authority, Inc., fees of transfer agents and registrars, all word processing, duplicating and printing expenses, the fees and disbursements of counsel to Vanguard and independent public accountants for Vanguard, including the expenses of any special audits or "cold comfort" letters required by or incident to such performance and compliance.

(b) *Expenses*. Vanguard will pay all reasonable Registration Expenses, as determined in good faith, including, in the case of a Piggyback Offering, all reasonable Registration Expenses whether or not any sale is made pursuant to the related registration statement. Except as otherwise provided in Section 2.08, Vanguard shall not be responsible for legal fees incurred by Holders in connection with the exercise of such Holder's rights and obligations under this Agreement. Each Selling Holder shall also pay any underwriting fees, discounts and selling commissions (and similar fees or arrangements associated with) and transfer taxes allocable to the sale of the Registrable Securities.

Section 2.08 Indemnification.

(a) *By Vanguard*. In the event of a registration of any Registrable Securities under the Securities Act pursuant to this Agreement, Vanguard will indemnify and hold harmless each Selling Holder thereunder, its directors, officers, employees, agents and managers and each Person, if any, who controls such Selling Holder within the meaning of the Securities Act and the Exchange Act, and its directors, officers, employees, agents and managers, against any losses, claims, damages, expenses or liabilities (including reasonable attorneys' fees and expenses) (collectively, " Losses"), joint or several, to which such Selling Holder or controlling Person may become subject under the Securities Act, the Exchange Act or otherwise, insofar as such Losses (or actions or proceedings, whether commenced or threatened, in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact (in the case of any prospectus, in the light of the circumstances under which such statement is made) contained in a Shelf Registration Statement or any other registration statement contemplated by this Agreement, any preliminary prospectus or final prospectus contained therein, or any free writing prospectus related thereto, or any amendment or supplement thereof, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein (in the case of a prospectus, in the light of the circumstances under which they were made) not misleading, and will reimburse each such Selling Holder, its directors and officers and each such controlling Person for any legal or other expenses reasonably incurred by them in connection with investigating or defending any such Loss or actions or proceedings; provided, however, that Vanguard will not be liable in any such case if and to the extent that any such Loss arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission so made in conformity with information furnished by such Selling Holder or such controlling Person in writing specifically for use in the Shelf Registration Statement or such other registration statement, free writing prospectus or prospectus supplement, as applicable. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such Selling Holder or any such director, officer, employee, agent, manager or controlling Person, and shall survive the transfer of such securities by such Selling Holder.

(b) *By Each Selling Holder*. Each Selling Holder agrees severally and not jointly to indemnify and hold harmless Vanguard, its directors, officers, employees and agents and each Person, if any, who controls Vanguard within the meaning of the Securities Act or of the Exchange Act to the same extent as the foregoing indemnity from Vanguard to the Selling Holders, but only with respect to information regarding such Selling Holder furnished in writing by or on behalf of such Selling Holder expressly for inclusion in a Shelf Registration Statement or any other registration statement contemplated by this Agreement, any preliminary prospectus or final prospectus contained therein, or any free writing prospectus related thereto, or any amendment or supplement thereof; provided, however, that the liability of each Selling Holder shall not be greater in amount than the dollar amount of the net proceeds received by such Selling Holder from the sale of the Registrable Securities giving rise to such indemnification. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of Vanguard or any such director, officer, employee, agent, manager or controlling Person, and shall survive the transfer of such securities by such Selling Holder.

(c) *Notice*. Promptly after any indemnified party has received notice of any indemnifiable claim hereunder, or the commencement of any action, suit or proceeding by a third person, which the indemnified party believes in good faith is an indemnifiable claim under this Agreement, the indemnified party shall give the indemnifying party written notice of such claim but failure to so notify the indemnifying party will not relieve the indemnifying party from any liability it may have to such indemnified party hereunder except to the extent that the indemnifying party is materially prejudiced by such failure. Such notice shall state the nature and the basis of such claim to the extent then known. The indemnifying party shall be entitled to participate in and, to the extent it shall wish, to assume and undertake the defense thereof with counsel reasonably satisfactory to such indemnified party and, after notice from the indemnifying party to such indemnified party of its election so to assume and undertake the defense thereof, the indemnifying party shall not be liable to such indemnified party under this Section 2.08 for any legal expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation and of liaison with counsel so selected; provided, however, that, (i) if the indemnifying party has failed to assume the defense and employ counsel or (ii) if the defendants in any such action include both the indemnified party and the indemnifying party and counsel to the indemnified party shall have concluded that there may be reasonable defenses available to the indemnified party that are different from or additional to those available to the indemnifying party, or if the interests of the indemnified party reasonably may be deemed to conflict with the interests of the indemnifying party, then the indemnified party shall have the right to select a separate counsel and to assume such legal defense and otherwise to participate in the defense of such action, with the reasonable out-of-pocket expenses and fees of such separate counsel and other reasonable out-of-pocket expenses related to such participation to be reimbursed by the indemnifying party as incurred. Notwithstanding any other provision of this Agreement, the indemnifying party shall not settle any indemnified claim without the consent of the indemnified party, unless the settlement thereof imposes no liability or obligation on, and includes a complete release from liability of, and does not contain any admission of wrongdoing by, the indemnified party.

(d) *Contribution*. If the indemnification provided for in this Section 2.08 is held by a court or government agency of competent jurisdiction to be unavailable to any indemnified party or is insufficient to hold them harmless in respect of any Losses, then each such indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such Loss in such proportion as is appropriate to reflect the relative fault of the indemnifying party on the one hand and of such indemnified party on the other in connection with the statements or omissions which resulted in such Losses, as well as any other relevant equitable considerations; provided, however, that in no event shall such Selling Holder be required to contribute an aggregate amount in excess of the dollar amount of net proceeds received by such Selling Holder from the sale of Registrable Securities giving rise to such indemnification. The relative fault of the indemnifying party on the one hand and the indemnified party on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact has been made by, or relates to, information supplied by such party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just and equitable if contributions pursuant to this paragraph were to be determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to herein. The amount paid by an indemnified party as a result of the Losses referred to in the first sentence of this paragraph shall be deemed to include any legal and other expenses reasonably incurred by such indemnified party in connection with investigating or defending any Loss that is the subject of this paragraph. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who is not guilty of such fraudulent misrepresentation.

(e) *Other Indemnification*. The provisions of this Section 2.08 shall be in addition to any other rights to indemnification or contribution that an indemnified party may have pursuant to Law, equity, contract or otherwise.

Section 2.09 Rule 144 Reporting. With a view to making available the benefits of certain rules and regulations of the Commission that may permit the sale of the Registrable Securities to the public without registration, Vanguard agrees to use its reasonable best efforts to:

(a) make and keep public information regarding Vanguard available, as those terms are understood and defined in Rule 144 of the Securities Act, at all times from and after the date hereof;

(b) file with the Commission in a timely manner all reports and other documents required of Vanguard under the Securities Act and the Exchange Act at all times from and after the date hereof;

(c) so long as a Holder owns any Registrable Securities, furnish, unless otherwise available at no charge by access electronically to the Commission's EDGAR filing system, to such Holder forthwith upon request (i) a copy of the most recent annual or quarterly report of Vanguard, and (ii) such other reports and documents so filed with the Commission as such Holder may reasonably request in availing itself of any rule or regulation of the Commission allowing such Holder to sell any such securities without registration; and

(d) take such further action as any Holder of Registrable Securities may reasonably request, to the extent legally required from time to time to enable such Holder to sell Registrable Securities without registration under the Securities Act within the limitation of the exemptions provided by (a) Rule 144 under the Securities Act, as such Rule may be amended from time to time, or (b) any similar rule or regulation hereafter adoption by the Commission, and in any such case, upon the request of any Holder of Registrable Securities, Vanguard will deliver to such Holder a written statement as to whether it has complied with such requirements.

Section 2.10 Transfer or Assignment of Registration Rights. The rights to cause Vanguard to register Registrable Securities granted to Denbury by Vanguard under this Article II may be transferred or assigned by a Holder to a transferee or assignee; provided, that (i) there is transferred to such transferee at least $15 million of Registrable Securities (based on the Unit Purchase Price), (ii) the Holder or the assignee provides written notice to Vanguard (A) describing the manner in which the assignee acquired the Registrable Securities from the assignor, and (B) identifying the Registrable Securities with respect to which the rights under this Agreement are being assigned.. The transferor shall give written notice to Vanguard at least ten (10) Business Days prior to any said transfer or assignment, setting forth the information required under Section 3.01 of this Agreement for each such transferee and each such transferee shall agree in writing to be subject to all of the terms and conditions of this Agreement.

Section 2.11 Limitation on Subsequent Registration Rights. From and after the date hereof, Vanguard shall not, without the prior written consent of the Holders of a majority of the outstanding Registrable Securities, enter into any agreement with any current or future holder of any securities of Vanguard that would allow such current or future holder to require Vanguard to include securities in any Underwritten Offering by Vanguard for its own account on a basis that is superior in any way to the Piggyback Offering rights granted to the Holders pursuant to Section 2.02 of this Agreement.

ARTICLE III

MISCELLANEOUS

Section 3.01 Communications. All notices and demands provided for hereunder shall be in writing and shall be given by hand delivery, electronic mail, registered or certified mail, return receipt requested, regular mail, facsimile or air courier guaranteeing overnight delivery to the following addresses:

(a) If to Denbury:

Denbury Resources Inc.
5320 Legacy Drive
Plano, Texas 75024
Facsimile: 972-673-2051
Attention: Phil Rykhoek
Email: Phil.Rykhoek@denbury.com

with a copy to:

Baker Hostetler LLP
1000 Louisiana, Suite 2000
Houston, Texas 77002
Facsimile: (713) 751-1717
Attention: Donald W. Brodsky
Email: DBrodsky@bakerlaw.com

(b) If to Vanguard:

Vanguard Natural Gas LLC
5847 Fan Felipe, Suite 3000
Houston, Texas 77057
Facsimile: (832) 327-2260
Attention: Scott W. Smith
Email: SWSmith@vnrllc.com

with a copy to:

Vinson & Elkins L.L.P.
2500 First City Tower
1001 Fannin
Houston, Texas 77002
Facsimile: (713) 615-5956
Attention: David P. Oelman and
Stephen M. Gill
Email: DOelman@velaw.com

or, if to a transferee of a Holder, to the transferee at the addresses provided pursuant to Section 2.10 above. All notices and communications shall be deemed to have been duly given: (i) at the time delivered by hand, if personally delivered; (ii) when notice is sent to the sender that the recipient has read the message, if sent by electronic mail; (iii) upon actual receipt, if sent by registered or certified mail, return receipt requested, or regular mail, if mailed; (iv) when receipt is confirmed, if sent by facsimile; and (v) upon actual receipt when delivered to an air courier guaranteeing overnight delivery.

Section 3.02 Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties, including subsequent Holders of Registrable Securities to the extent permitted herein.

Section 3.03 Aggregation of Registrable Securities. All Registrable Securities held or acquired by Persons who are Affiliates of one another shall be aggregated together for the purpose of determining the availability of any rights under this Agreement.

Section 3.04 Recapitalization, Exchanges, Etc. Affecting the Registrable Securities. The provisions of this Agreement shall apply to the fullest extent set forth herein with respect to any and all units of Vanguard or any successor or assignee of Vanguard (whether by merger, consolidation, sale of assets or otherwise) that may be issued in respect of, in exchange for or in substitution of, the Registrable Securities, and shall be appropriately adjusted for combinations, splits, recapitalizations and the like occurring after the date of this Agreement.

Section 3.05 Specific Performance. Damages in the event of breach of this Agreement by a party hereto may be difficult, if not impossible, to ascertain, and it is therefore agreed that each such Person, in addition to and without limiting any other remedy or right it may have, will have the right to an injunction or other equitable relief in any court of competent jurisdiction, enjoining any such breach, and enforcing specifically the terms and provisions hereof, and each of the parties hereto hereby waives any and all defenses it may have on the ground of lack of jurisdiction or competence of the court to grant such an injunction or other equitable relief. The existence of this right will not preclude any such Person from pursuing any other rights and remedies at law or in equity which such Person may have.

Section 3.06 Counterparts. This Agreement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which counterparts, when so executed and delivered, shall be deemed to be an original and all of which counterparts, taken together, shall constitute but one and the same Agreement.

Section 3.07 Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

Section 3.08 Governing Law, Submission to Jurisdiction. This Agreement, and all claims or causes of action (whether in contract or tort) that may be based upon, arise out of or relate to this Agreement or the negotiation, execution or performance of this Agreement (including any claim or cause of action based upon, arising out of or related to any representation or warranty made in or in connection with this Agreement), will be construed in accordance with and governed by the Laws of the State of Texas without regard to principles of conflicts of laws. Any action against any party relating to the foregoing shall be brought in any federal or state court of competent jurisdiction located within the State of Texas, and the parties hereto hereby irrevocably submit to the non-exclusive jurisdiction of any federal or state court located within the State of Texas over any such action. The parties hereby irrevocably waive, to the fullest extent permitted by applicable Law, any objection which they may now or hereafter have to the laying of venue of any such dispute brought in such court or any defense of inconvenient forum for the maintenance of such dispute. Each of the parties hereto agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law.

Section 3.09 Waiver of Jury Trial. THE PARTIES TO THIS AGREEMENT EACH HEREBY WAIVE, AND AGREE TO CAUSE THEIR AFFILIATES TO WAIVE, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION (i) ARISING UNDER THIS AGREEMENT OR (ii) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO IN RESPECT OF THIS AGREEMENT OR ANY OF THE TRANSACTIONS RELATED HERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY OR OTHERWISE. THE PARTIES TO THIS AGREEMENT EACH HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT THE PARTIES TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OF A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

Section 3.10 Severability of Provisions. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting or impairing the validity or enforceability of such provision in any other jurisdiction.

Section 3.11 Entire Agreement. This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein with respect to the rights granted by Vanguard set forth herein. This Agreement supersedes all prior agreements and understandings between the parties with respect to such subject matter.

Section 3.12 Amendment. This Agreement may be amended only by means of a written amendment signed by Vanguard and the Holders of a majority of the then outstanding Registrable Securities; provided, however, that no such amendment shall adversely affect the rights of any Holder hereunder without the consent of such Holder.

Section 3.13 No Presumption. In the event any claim is made by a party relating to any conflict, omission, or ambiguity in this Agreement, no presumption or burden of proof or persuasion shall be implied by virtue of the fact that this Agreement was prepared by or at the request of a particular party or its counsel.

Section 3.14 Obligations Limited to Parties to this Agreement. Each of the parties hereto covenants, agrees and acknowledges that no Person other than Denbury, its permitted assignees, and Vanguard shall have any obligation hereunder and that, notwithstanding that one or more of Vanguard and Denbury may be a corporation, partnership, limited liability company or other entity, no recourse under this Agreement or under any documents or instruments delivered in connection herewith or therewith shall be had against any former, current or future director, officer, employee, agent, general or limited partner, manager, member, stockholder or Affiliate of any of Vanguard, Denbury or their respective permitted assignees, or any former, current or future director, officer, employee, agent, general or limited partner, manager, member, stockholder or Affiliate of any of the foregoing, whether by the enforcement of any assessment or by any legal or equitable proceeding, or by virtue of any applicable Law, it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any former, current or future director, officer, employee, agent, general or limited partner, manager, member, stockholder or Affiliate of any of Vanguard, Denbury or any of their respective assignees, or any former, current or future director, officer, employee, agent, general or limited partner, manager, member, stockholder or Affiliate of any of the foregoing, as such, for any obligations of Vanguard, Denbury or their respective permitted assignees under this Agreement or any documents or instruments delivered in connection herewith or therewith or for any claim based on, in respect of or by reason of such obligation or its creation.

Section 3.15 Interpretation. Article and Section references in this Agreement are references to the corresponding Article and Section to this Agreement, unless otherwise specified. All references to instruments, documents, contracts and agreements are references to such instruments, documents, contracts and agreements as the same may be amended, supplemented and otherwise modified from time to time, unless otherwise specified. The word "including" shall mean "including but not limited to."

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto execute this Agreement, effective as of the date first above written.

VANGUARD NATURAL RESOURCES, LLC

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

ENCORE OPERATING, L.P.

By: EAP Operating, LLC,
its general partner

By: /s/ Phil Rykhoek
Name: Phil Rykhoek
Title: Chief Executive Officer

Exhibit 10.2

SECOND AMENDED AND RESTATED

ADMINISTRATIVE SERVICES AGREEMENT

AMONG

ENCORE ENERGY PARTNERS GP LLC,

ENCORE ENERGY PARTNERS LP,

ENCORE OPERATING, L.P.,

DENBURY RESOURCES INC.,

ENCORE ENERGY PARTNERS OPERATING LLC,

AND

VANGUARD NATURAL GAS, LLC

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SECOND AMENDED AND RESTATED

ADMINISTRATIVE SERVICES AGREEMENT

THIS SECOND AMENDED AND RESTATED ADMINISTRATIVE SERVICES AGREEMENT is entered into on and effective as of December 31, 2010 (the "Effective Date"), among Encore Energy Partners GP LLC, a Delaware limited liability company (the "General Partner"), Encore Energy Partners LP, a Delaware limited partnership (the "Partnership"), Encore Operating, L.P., a Texas limited partnership ("Encore Operating"), Denbury Resources Inc., a Delaware corporation and the successor by merger to Encore Acquisition Company ("DRI"), Encore Energy Partners Operating LLC, a Delaware limited liability company (the "Operating Company") and Vanguard Natural Gas, LLC, a Kentucky limited liability company ("Vanguard," and collectively with the General Partner, the Partnership, the Operating Company, the "Parties" and each, a "Party"), and amends and restates in its entirety the Amended and Restated Administrative Services Agreement dated as of September 17, 2007 (the "First A&R Agreement").

RECITALS

A. The Partnership is the owner, directly or indirectly, of interests in the Business (as hereinafter defined);

B. The Partnership Group (as hereinafter defined) requires certain services to operate the Business and to fulfill other general and administrative functions relating to the Business;

C. Encore Operating has historically provided such services to the Partnership Group, but the Partnership Group, DRI and Encore Operating desire to amend and restated the First A&R Agreement to provide that Vanguard will provide such services, and Vanguard is willing to undertake such engagement, subject to the terms and conditions of this Agreement;

D. The Partnership Group, Encore Operating and DRI, as parties to the First A&R Agreement, and in accordance with Section 11.10 of the First A&R Agreement, wish to amend and restate the First A&R Agreement to reflect the substitution of Vanguard for Encore Operating and DRI and the elimination as of the Effective Date of all of the rights and obligations of DRI and Encore Operating under this Agreement.

NOW, THEREFORE, the General Partner, the Partnership, DRI, Encore Operating, the Operating Company and Vanguard agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 *Definitions*. The following definitions shall be for all purposes, unless otherwise clearly indicated to the contrary, applied to the terms used in this Agreement.

"*Administrative Fee*" is defined in Section 4.1.

"*Affiliate*" means, with respect to any Person, any other Person that directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with, the Person in question. As used herein, the term "control" means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract or otherwise.

"*Agreement*" means this Second Amended and Restated Administrative Services Agreement, as it may be amended, supplemented or restated from time to time.

"*Bankrupt*" with respect to any Person means such Person shall generally be unable to pay its debts as such debts become due, or shall so admit in writing or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against such Person seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), shall remain undismissed or unstayed for a period of 30 days; or such Person shall take any action to authorize any of the actions set forth above.

"*BOE*" means one barrel of oil equivalent, calculated by converting natural gas to oil equivalent barrels at a ratio of six thousand cubic feet of natural gas to one stock tank barrel, or 42 U.S. gallons liquid volume, of oil.

"*Business*" means the business of the Partnership Group.

"*Confidential Information*" means non-public information about the disclosing Party's or any of its Affiliates' business or activities that is proprietary and confidential, which shall include, without limitation, all business, financial, technical and other information, including software (source and object code) and programming code, of a Party or its Affiliates marked or designated "confidential" or "proprietary" or by its nature or the circumstances surrounding its disclosure it should reasonably be regarded as confidential. Confidential Information includes not only written or other tangible information, but also information transferred orally, visually, electronically or by any other means. Confidential Information does not include information that (i) is in or enters the public domain without breach of this Agreement, or (ii) the receiving Party lawfully receives from a third party without restriction on disclosure and to the receiving Party's knowledge without breach of a nondisclosure obligation.

"*COPAS*" means the Council of Petroleum Accountants Societies.

"*Damages*" is defined in Section 9.1.

"*Default Rate*" means an interest rate (which shall in no event be higher than the rate permitted by applicable law) equal to the prime interest rate of the Operating Company's principal lender.

"*DRI*" is defined in the introductory paragraph.

"*Encore Operating*" is defined in the introductory paragraph.

"*Effective Date*" is defined in the introductory paragraph.

"*Environmental Law*" means current local, county, state, federal, and/or foreign law (including common law), statute, code, ordinance, rule, order, judgment, decree, regulation or other legal obligation relating to the protection of health, safety or the environment or natural resources, including, without limitation, the Comprehensive Environmental Response Compensation and Liability Act (42 U.S.C. section 9601 et seq.), as amended, the Resource Conservation and Recovery Act (42 U.S.C. section 6901 et seq.), as amended, the Federal Water Pollution Control Act (33 U.S.C. section 1251 et seq.), as amended, the Clean Air Act (42 U.S.C. section 7401 et seq.), as amended, the Toxic Substances Control Act (15 U.S.C. section 2601 et seq.), as amended, the Occupational Safety and Health Act (29 U.S.C. section 651 et seq.), as amended, the Safe Drinking Water Act (42 U.S.C. section 300(f) et seq.), as amended, analogous state, tribal or local laws, and any similar, implementing or successor law, and any amendment, rule, regulation, or directive issued thereunder, including any determination by, or interpretation of any of the foregoing by any Governmental Authority that has the force of law.

"*First A&R Agreement*" is defined in the introductory paragraph.

"*Force Majeure*" means any cause beyond the reasonable control of a Party, including the following causes (unless they are within such Party's reasonable control): acts of God, strikes, lockouts, acts of the public enemy, wars or warlike action (whether actual or impending), arrests and other restraints of government (civil or military), blockades, embargoes, insurrections, riots, epidemics, landslides, lightning, earthquakes, fires, sabotage, tornadoes, named tropical storms and hurricanes, floods, civil disturbances, terrorism, mechanical breakdown of machinery or equipment, explosions, confiscation or seizure by any government or other public authority and any order of any court of competent jurisdiction, regulatory agency or governmental body having jurisdiction.

"*G&A Services*" means those general and administrative services necessary or useful for the conduct of the business of the Partnership Group, including, but not limited to, accounting, corporate development, finance, land, marketing, legal and engineering.

"*General Partner*" is defined in the introductory paragraph.

"*Governmental Approval*" means any material consent, authorization, certificate, permit, right-of-way grant or approval of any Governmental Authority that is necessary for the construction, ownership and operation of the Business in accordance with applicable Laws.

"*Governmental Authority*" means any court or tribunal in any jurisdiction or any federal, state, tribal, municipal or local government or other governmental body, agency, authority, department, commission, board, bureau, instrumentality, arbitrator or arbitral body or any quasi-governmental or private body lawfully exercising any regulatory or taxing authority.

"*Laws*" means any applicable statute, Environmental Law, common law, rule, regulation, judgment, order, ordinance, writ, injunction or decree issued or promulgated by any Governmental Authority.

"*Operating Company*" is defined in the introductory paragraph.

"*Parties*" is defined in the introductory paragraph.

"*Partnership*" is defined in the introductory paragraph.

"*Partnership Agreement*" means the Second Amended and Restated Agreement of Limited Partnership of the Partnership, as may be amended or restated from time to time.

"*Partnership Group*" means the General Partner, the Partnership, the Operating Company and all of their respective Subsidiaries.

"*Partnership Group Party*" is defined in Section 9.1.

"*Payment Amount*" is defined in Section 4.1.

"*Person*" means an individual or a corporation, limited liability company, partnership, joint venture, trust, unincorporated organization, association, government agency or political subdivision thereof or other entity.

"*Services*" is defined in Section 2.2.

"*Subsidiary*" means, with respect to any Person, (a) a corporation of which more than 50% of the voting power of shares entitled (without regard to the occurrence of any contingency) to vote in the election of directors or other governing body of such corporation is owned, directly or indirectly, at the date of determination, by such Person, by one or more Subsidiaries of such Person or a combination thereof, (b) a partnership (whether general or limited) in which such Person or a Subsidiary of such Person is, at the date of determination, a general or limited partner of such partnership, but only if more than 50% of the partnership interests of such partnership (considering all of the partnership interests of the partnership as a single class) is owned, directly or indirectly, at the date of determination, by such Person, by one or more Subsidiaries of such Person, or a combination thereof, or (c) any other Person (other than a corporation or a partnership) in which such Person, one or more Subsidiaries of such Person, or a combination thereof, directly or indirectly, at the date of determination, has (i) at least a majority ownership interest or (ii) the power to elect or direct the election of a majority of the directors or other governing body of such Person.

"*Vanguard*" is defined in the introductory paragraph.

"*Vanguard Group*" means Vanguard and its Affiliates (other than any member of the Partnership Group).

Other terms defined herein have the meanings so given them.

Section 1.2 *Construction*.

Unless the context requires otherwise: (a) any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa; (b) references to Articles and Sections refer to Articles and Sections of this Agreement; (c) references to Exhibits refer to the Exhibits attached to this Agreement, each of which is made a part hereof for all purposes; (d) the terms "include", "includes", "including" and words of like import shall be deemed to be followed by the words "without limitation"; (e) the terms "hereof," "herein" and "hereunder" refer to this Agreement as a whole and not to any particular provision of this Agreement; and (f) references to money refer to legal currency of the United States of America. The table of contents and headings contained in this Agreement are for reference purposes only, and shall not affect in any way the meaning or interpretation of this Agreement.

ARTICLE II

RETENTION OF VANGUARD; SCOPE OF SERVICES

Section 2.1 *Retention of Vanguard; Substitution for DRI and Encore Operating*. The Partnership hereby engages Vanguard, in substitution for DRI and Encore Operating, to perform the Services as directed by the General Partner, and to provide all personnel and any facilities, goods and equipment not otherwise provided by the Partnership Group necessary to perform the Services. Vanguard hereby accepts such engagement and agrees to perform the Services requested by the General Partner and to provide any personnel, facilities, goods and equipment not otherwise provided by the Partnership Group, and to provide all employees as may be reasonable and necessary to perform the Services. From and after the Effective Date, as a result of the substitution of Vanguard for DRI and Encore Operating, DRI and Encore Operating shall have no further rights or obligations under this Agreement, provided that the rights and obligations of DRI and Encore Operating, and with respect to Article IX other Persons as provided therein, arising under the First A&R Agreement and which relate to the period prior to the Effective Date, will survive such substitution and may be enforced by or against DRI, Encore Operating and such other Persons after the Effective Date.

Section 2.2 *Scope of Services*. The "Services" shall consist of such services the General Partner determines may be reasonable and necessary to operate the Business, including, without limitation, any G&A Services and those services described on Schedule I hereto. Vanguard hereby covenants and agrees that the Services will be performed in accordance with (i) applicable material Governmental Approvals and Laws and (ii) industry standards.

Section 2.3 *Exclusion of Services*. The General Partner may temporarily or permanently exclude any particular service from the scope of the Services upon 90 days' notice to Vanguard.

Section 2.4 *Performance of Services by Affiliates and Third Parties*. The Parties hereby agree that in discharging its obligations hereunder, Vanguard may engage any of its Affiliates or any qualified third party to perform the Services (or any part of the Services) on its behalf and that the performance of the Services (or any part of the Services) by any such Affiliate or third party shall be treated as if Vanguard performed such Services itself. Notwithstanding the foregoing, nothing contained herein shall relieve Vanguard of its obligations hereunder.

Section 2.5 *Intellectual Property*.

(a) Any (i) inventions, whether patentable or not, developed or invented, or (ii) copyrightable material (and the intangible rights of copyright therein) developed, by Vanguard, its Affiliates or its or their employees in connection with the performance of the Services shall be the property of Vanguard; *provided, however*, that the Partnership Group shall be granted an irrevocable, royalty-free, non-exclusive and non-transferable right and license to use such inventions or material; and further *provided, however*, that the Partnership Group shall only be granted such a right and license to the extent such grant does not conflict with, or result in a breach, default, or violation of a right or license to use such inventions or material granted to Vanguard by any Person other than an Affiliate of Vanguard. Notwithstanding the foregoing, Vanguard will use all commercially reasonable efforts to grant such right and license to the Partnership Group.

(b) The General Partner, the Partnership and the Operating Company hereby grant to Vanguard and its Affiliates an irrevocable, royalty-free, non-exclusive and non-transferable right and license to use, during the term of this Agreement, any intellectual property provided by the Partnership Group to Vanguard and its Affiliates, but only to the extent such use is necessary for the performance of the Services. Vanguard agrees that it and its Affiliates will utilize such intellectual property solely in connection with the performance of the Services.

Section 2.6 *Appointment of Independent Accounting Firm and Independent Petroleum Engineer* . Notwithstanding anything to the contrary in this Agreement, the Parties hereby acknowledge and agree that the General Partner shall have the exclusive authority to appoint an independent registered public accounting firm to audit the financial statements of the Partnership and an independent petroleum engineer to provide reports to the Partnership relating to estimates of proved reserves for Securities and Exchange Commission and other reporting purposes.

ARTICLE III

BOOKS, RECORDS AND REPORTING

Section 3.1 *Books and Records*. Vanguard shall maintain accurate books and records regarding the performance of the Services and its calculation of the Payment Amount, and shall maintain such books and records for the period required by applicable accounting practices or Law.

Section 3.2 *Audits*. The Partnership shall have the right, upon reasonable notice, and at all reasonable times during usual business hours, to audit, examine and make copies of the books and records referred to in Section 3.1. Such right may be exercised through any agent or employee of the Partnership Group designated in writing by it or by an independent public accountant, engineer, attorney or other agent so designated. The Partnership shall bear all costs and expenses incurred in any inspection, examination or audit. Vanguard shall review and respond in a timely manner to any claims or inquiries made by the Partnership regarding matters revealed by any such inspection, examination or audit.

Section 3.3 *Reports*. Vanguard shall prepare and deliver to the Partnership any reports provided for in this Agreement and such other reports as the Partnership may reasonably request from time to time regarding the performance of the Services.

ARTICLE IV

PAYMENT AMOUNT

Section 4.1 *Payment Amount*.

(a) The Partnership shall on a quarterly basis (i) pay Vanguard a fixed fee of $2.06 per BOE of the Partnership Group's total net oil and gas production for the then completed quarter (the "Administrative Fee") and (ii) reimburse Vanguard for all third-party expenses that Vanguard incurs on behalf of the Partnership Group (collectively with the Administrative Fee, the "Payment Amount"). In addition to the Payment Amount, Vanguard shall be entitled to retain any COPAS overhead charges associated with drilling and operating wells that would otherwise be paid by third parties to the operator of a well. For the avoidance of doubt, the Partnership will pay all expenses that are directly chargeable to wells under their respective joint operating agreements.

(b) The Administrative Fee shall increase in the following circumstances:

(i) Beginning on the first day of April in each year beginning with April 1, 2011 the Administrative Fee shall increase by an amount equal to the product of the then-current Administrative Fee multiplied by COPAS Wage Index Adjustment for the current year.

(ii) If the Partnership or any other member of the Partnership Group acquires additional assets, then Vanguard may propose a revised Administrative Fee that covers the provision of Services for such additional assets. If the General Partner, on behalf of the Partnership Group and with the concurrence of the conflicts committee of the board of directors of the General Partner, agrees to such revised Administrative Fee, Vanguard shall provide Services for the additional assets pursuant to the terms set forth herein.

(iii) If the Partnership and Vanguard otherwise agree to increase the Administrative Fee; provided, however, that any such increase shall be approved by the board of directors of the General Partner with the concurrence of the conflicts committee of such board.

Section 4.2 *Payment of Payment Amount*. Vanguard shall invoice the Partnership within 25 days after the close of each quarter for the estimated Payment Amount, plus or minus any adjustment necessary to correct prior estimated billings to actual billings. Subject to Section 4.3, all invoices shall be due and payable, in immediately available funds, within thirty days after receipt of each invoice. Upon the request of the Partnership, Vanguard shall furnish a reasonable detail of the Services provided and charges assessed during any quarter.

Section 4.3 *Disputed Charges*. THE PARTNERSHIP MAY, WITHIN 120 DAYS AFTER RECEIPT OF A CHARGE FROM VANGUARD, TAKE WRITTEN EXCEPTION TO SUCH CHARGE, ON THE GROUND THAT THE SAME WAS NOT A CORRECT CALCULATION OF THE ADMINISTRATIVE FEE AND/OR A REASONABLE COST INCURRED BY VANGUARD OR ITS AFFILIATES IN CONNECTION WITH THE SERVICES. THE PARTNERSHIP SHALL NEVERTHELESS PAY VANGUARD IN FULL WHEN DUE THE FULL PAYMENT AMOUNT OWED TO VANGUARD. SUCH PAYMENT SHALL NOT BE DEEMED A WAIVER OF THE RIGHT OF THE PARTNERSHIP TO RECOUP ANY CONTESTED PORTION OF ANY AMOUNT SO PAID. HOWEVER, IF THE AMOUNT AS TO WHICH SUCH WRITTEN EXCEPTION IS TAKEN, OR ANY PART THEREOF, IS ULTIMATELY DETERMINED NOT TO BE A CORRECT CALCULATION OF THE ADMINISTRATIVE FEE AND/OR A REASONABLE COST INCURRED BY VANGUARD OR ITS AFFILIATES IN CONNECTION WITH ITS PROVIDING THE SERVICES HEREUNDER, SUCH AMOUNT OR PORTION THEREOF (AS THE CASE MAY BE) SHALL BE REFUNDED BY VANGUARD TO THE PARTNERSHIP TOGETHER WITH INTEREST THEREON AT THE DEFAULT RATE DURING THE PERIOD FROM THE DATE OF PAYMENT BY THE PARTNERSHIP TO THE DATE OF REFUND BY VANGUARD.

Section 4.4 *Set Off*. In the event that Vanguard owes the Partnership a sum certain in an uncontested amount under any other agreement, then any such amounts may be aggregated and the Partnership and Vanguard may discharge their obligations by netting those amounts against any amounts owed by the Partnership to Vanguard under this Agreement. If the Partnership or Vanguard owes the other party a greater aggregate amount, that Party may pay to the other Party the difference between the amounts owed.

Section 4.5 *Vanguard's Employees*. The obligations under Sections 4.1 and 4.2, to the extent they relate to Services provided by employees of Vanguard or its Affiliates, shall be limited to payment to Vanguard for expenses in connection with its or its Affiliates' employees engaged in the provision of Services hereunder, and the Partnership shall not be obligated to pay to Vanguard or its Affiliates' employees directly any compensation, salaries, wages, bonuses, benefits, social security taxes, workers' compensation insurance, retirement and insurance benefits, training and other such expenses; *provided, however*, that the Partnership may, at its option, compensate such employees under one or more equity-based incentive compensation plans for the provision of Services hereunder; and *provided further, however*, that if Vanguard fails to pay any employee, with the exception of employee claims for amounts owed that Vanguard disputes in good faith, within 30 days of the date such employee's payment is due:

(a) The Partnership may (i) pay such employee directly, (ii) employ such employee directly, (iii) notify Vanguard and begin to pay all employees providing service to the Partnership directly, or (iv) notify Vanguard that this Agreement is terminated and employ all employees directly; and

(b) Vanguard shall reimburse the Partnership, as the case may be, the amount the Partnership paid to Vanguard for employee services that Vanguard did not pay to any such employee.

Section 4.6 *Approval of Expenses*. Vanguard acknowledges that all charges for Services assessed by Vanguard and included in the Payment Amount must be approved by the persons authorized to approve such Payment Amount pursuant to the Partnership's governance and delegation-of-authority process. Additionally, Vanguard acknowledges that the Audit Committee of the Board of Directors of the General Partner, or if there is no Audit Committee, the entire Board of Directors of the General Partner, may at any time review the Payment Amounts and the levels of Services and, as a result, may direct the Partnership to decrease the level of Services or to dispute a prior invoice pursuant to Section 4.3. In addition to the information Vanguard is obligated to provide pursuant to Section 4.2, Vanguard shall provide such other information as reasonably necessary to determine the veracity or appropriateness of any Payment Amount hereunder.

Section 4.7 *Tax Reimbursement.* The Partnership shall reimburse Vanguard for any additional state income, franchise or similar tax paid by Vanguard resulting from Vanguard's inclusion of one or more members of the Partnership Group with Vanguard in a combined state income, franchise or similar tax report. With respect to any such combined state income, franchise or other tax report, the amount of the Partnership's reimbursement to Vanguard shall be equal to the tax that those Partnership Group members included with Vanguard on such tax report would have paid had such Partnership Group members not been included on such report. Any reimbursement payment required under this provision will be due within 45 days after Vanguard makes the tax payment giving rise to such reimbursement.

ARTICLE V

FORCE MAJEURE

A Party's obligation under this Agreement shall be excused when and to the extent its performance of that obligation is prevented due to Force Majeure; *provided, however*, that a Party shall not be excused by Force Majeure from any obligation to pay money. The Party that is prevented from performing its obligation by reason of Force Majeure shall promptly notify the other Parties of that fact and shall exercise due diligence to end its inability to perform as promptly as practicable. Notwithstanding the foregoing, a Party is not required to settle any strike, lockout or other labor dispute in which it may be involved; *provided, however*, that, in the event of a strike, lockout or other labor dispute affecting Vanguard, Vanguard shall use reasonable efforts to continue to perform all obligations hereunder by utilizing its management personnel and that of its Affiliates.

ARTICLE VI

ASSIGNMENTS AND SUBCONTRACTS

Section 6.1 *Assignments*.

(a) Without the prior consent of Vanguard, none of the Partnership or the other members or the Partnership Group may sell, assign, transfer or convey any of its rights, or delegate any of its obligations, under this Agreement to any Person.

(b) Without the prior consent of the Partnership, Vanguard may not sell, assign, transfer or convey any of its rights, or delegate any of its obligations, under this Agreement to any Person, other than the delegation of performance of Services to an Affiliate of Vanguard or a qualified third party as permitted by Section 2.4 and the sale, assignment, transfer or conveyance of its rights hereunder to any such Affiliate.

Section 6.2 *Other Requirements*. Subject to the other provisions hereof:

(a) All materials and workmanship used or provided in performing the Services shall be in accordance with applicable specifications and standards.

(b) Vanguard shall exercise reasonable diligence to obtain the most favorable terms or warranties available from vendors, suppliers and other third parties, and where appropriate, Vanguard shall assign such warranties to the Partnership.

(c) In rendering the Services, Vanguard shall not discriminate against any employee or applicant for employment because of race, creed, color, religion, sex, national origin, age or handicap, and shall comply with all applicable provisions of Executive Order 11246 of September 24, 1965, and any successor order thereto. Subject to the above, Vanguard shall, to the extent practicable, engage employees who reside in or whose businesses are located in the local area or state where the Services are performed.

(d) Vanguard agrees to exercise reasonable diligence to ensure that, during the term of this Agreement, it shall not employ unauthorized aliens as defined in the Immigration Reform and Control Act of 1986, or any successor law.

ARTICLE VII

TERMINATION

Section 7.1 *Termination by the Partnership on behalf of the Partnership Group*.

(a) Upon the occurrence of any of the following events, the Partnership, on behalf of the Partnership Group, may terminate this Agreement by giving written notice of such termination to Vanguard:

(i) Vanguard and its Affiliates cease to maintain a direct or indirect controlling interest in the General Partner; or

(ii) Vanguard's failure to pay any employee within thirty (30) days of the date such employee's payment is due, subject to the limitations described in Section 4.5.

Any termination under this Section 7.1(a) shall become effective immediately upon delivery of the notice first described in this Section 7.1(a), or such later time (not to exceed the first anniversary of the delivery of such notice) as may be specified by the Partnership.

(b) In addition to its rights under Section 7.1(a), the Partnership may terminate this Agreement at any time by giving notice of such termination to Vanguard. Any termination under this Section 7.1(b) shall become effective 90 days after delivery of such notice, or such later time (not to exceed the first anniversary of the delivery of such notice) as may be specified by the Partnership.

(c) In the event that Vanguard becomes Bankrupt or dissolves and commences liquidation or winding-up, this Agreement shall automatically terminate without notice to Vanguard.

Section 7.2 *Termination by Vanguard.*

(a) Vanguard may terminate this Agreement by giving written notice of such termination to the Partnership in the event that Vanguard and its Affiliates cease to maintain a direct or indirect controlling interest in the General Partner.

Any termination under this Section 7.2(a) shall become effective immediately upon delivery of the notice first described in this Section 7.2(a).

(b) In addition to its rights under Section 7.2(a), Vanguard may terminate this Agreement at any time by giving notice of such termination to the Partnership. Any termination under this Section 7.2(b) shall become effective 90 days after delivery of such notice, or such later time (not to exceed the first anniversary of the delivery of such notice) as may be specified by Vanguard.

Section 7.3 *Effect of Termination.* If this Agreement is terminated in accordance with Section 7.1 or 7.2, all rights and obligations under this Agreement shall cease except for (a) obligations that expressly survive termination of this Agreement; (b) liabilities and obligations that have accrued prior to such termination, including the obligation to pay any amounts that have become due and payable prior to such termination, and (c) the obligation to pay any portion of the Payment Amount that has accrued prior to such termination, even if such portion has not become due and payable at that time.

ARTICLE VIII

CONFIDENTIAL INFORMATION

Section 8.1 *Nondisclosure*. Vanguard and the Partnership Group each agree that (i) it will not disclose to any third party or use any Confidential Information disclosed to it by the other except as expressly permitted in this Agreement, and (ii) it will take all reasonable measures to maintain the confidentiality of all Confidential Information of the other Party in its possession or control, which will in no event be less than the measures it uses to maintain the confidentiality of its own information of similar type and importance.

Section 8.2 *Permitted Disclosure*. Notwithstanding the foregoing, each Party may disclose Confidential Information (i) to the extent required by a court of competent jurisdiction or other governmental authority or otherwise as required by law, including without limitation disclosure obligations imposed under the federal securities laws, provided that such Party has given the other Party prior notice of such requirement when legally permissible to permit the other Party to take such legal action to prevent the disclosure as it deems reasonable, appropriate or necessary, or (ii) to its consultants, legal counsel, Affiliates, accountants, banks and other financing sources and their advisors.

ARTICLE IX

LIMITATION OF LIABILITY; INDEMNIFICATION

Section 9.1 *Limitation of Vanguard's Liability.* Neither Vanguard nor any of its controlling persons, directors, officers, employees, agents and permitted assigns (each, a "Vanguard Party") shall have any liability to the Partnership Group for any losses, damages (including, but not limited to, special, indirect, punitive and/or consequential damages), claims, injury, liability, cost or expense ("Damages") arising out of this Agreement, whether such Damages arise on account of the furnishing of Services hereunder, the failure to furnish Services hereunder, or otherwise, and whether or not such Damages were caused by the negligence of the Vanguard Party, including the Vanguard Party's sole negligence; *provided, however*, that the foregoing limitation shall not apply to Damages caused by the Vanguard Party's gross negligence or willful, intentional misconduct.

Section 9.2 *Partnership's Indemnity.* The Partnership agrees to indemnify, defend and hold harmless each Vanguard Party from and against any and all Damages arising out of this Agreement, whether such Damages arise on account of the furnishing of Services hereunder, the failure to furnish Services hereunder, or otherwise, and whether or not such Damages were caused by the negligence of any Vanguard Party, including the Vanguard Party's sole negligence; *provided, however*, that the foregoing limitation shall not apply to Damages caused by the Vanguard Party's gross negligence or willful, intentional misconduct.

Section 9.3 *Limitation of Damages*. If the Partnership Group suffers Damages arising out of this Agreement, which Damages were caused by the gross negligence or willful, intentional misconduct of Vanguard, Vanguard's sole liability to the Partnership Group shall be to properly perform the Services in question at no additional cost to the Partnership Group and to pay the Partnership Group for any and all direct damages suffered by the Partnership Group. Notwithstanding anything to the contrary contained herein or at Law and in equity, in no event shall Vanguard be liable for punitive, special, indirect, incidental or consequential damages (including, without limitation, damages for loss of business profits, business interruption or any other loss) arising from or relating to any claim made under this Agreement or regarding the provision of or the failure to provide Services, even if Vanguard had been advised or was aware of the possibility of such damages.

Section 9.4 *Affiliate; Third Parties*. If Vanguard uses the personnel of its Affiliates or third parties to provide Services, Vanguard shall be responsible for the acts and omissions of such personnel and third parties to the extent provided in this Agreement, and no Affiliate of Vanguard or third party shall have any liability to the Partnership Group on account of any Damages suffered by the Partnership Group arising out of this Agreement, whether or not such Damages were caused by their negligence and/or gross negligence, including their sole negligence and/or sole gross negligence, or their willful, intentional misconduct.

ARTICLE X

DISPUTE RESOLUTION

If the Parties are unable to resolve any dispute regarding the validity or terms of this Agreement or its termination, service or performance issues, there is a material breach of this Agreement that has not been corrected within thirty (30) days of receipt of notice of such breach or any other dispute between the parties related to this Agreement, either party hereto may refer the matter to an arbitrator selected in accordance with the rules of JAMS in Tarrant County, Texas as the exclusive remedy for any such dispute, and in lieu of any court action, which is hereby waived. The only exception shall be a claim by either Party for injunctive relief pending arbitration.

ARTICLE XI

GENERAL PROVISIONS

Section 11.1 *Notices*. All notices or other communications required or permitted under, or otherwise in connection with, this Agreement must be in writing and must be given by (1) depositing same in the mail, addressed to the Person to be notified, postpaid and registered or certified with return receipt requested, (2) transmitting by national overnight courier, (3) delivery in person or (4) facsimile to such Party. Notice given by mail, national overnight courier or personal delivery shall be effective upon actual receipt. Notice given by facsimile shall be effective upon confirmation of a successful transmission. All notices to be sent to a Party pursuant to this Agreement shall be sent to or made at the address, in each case as follows:

if to the General Partner or the Partnership:

Encore Energy Partners GP LLC
5847 San Felipe, Suite 3000
Houston. TX 77057
Facsimile: (832) 327-2260
Attention: Scott W. Smith

if to the Operating Company:

Encore Energy Partners Operating LLC
5847 San Felipe, Suite 3000
Houston. TX 77057
Facsimile: (832) 327-2260
Attention: Scott W. Smith

if to Vanguard:

Vanguard Natural Gas, LLC
5847 San Felipe, Suite 3000
Houston. TX 77057
Facsimile: (832) 327-2260
Attention: Scott W. Smith

Section 11.2 *Further Action*. The Parties shall execute and deliver all documents, provide all information and take or refrain from taking action as may be necessary or appropriate to achieve the purposes of this Agreement.

Section 11.3 *Binding Effect*. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their heirs, executors, administrators, successors, legal representatives and permitted assigns.

Section 11.4 *Integration*. This Agreement constitutes the entire Agreement among the Parties hereto pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto.

Section 11.5 *Creditors*. None of the provisions of this Agreement shall be for the benefit of, or shall be enforceable by, any creditor of the Partnership.

Section 11.6 *Waiver.* No failure by any party to insist upon the strict performance of any covenant, duty, agreement or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach of any other covenant, duty, agreement or condition.

Section 11.7 *Counterparts*. This Agreement may be executed in counterparts, all of which together shall constitute an agreement binding on all the Parties hereto, notwithstanding that all such Parties are not signatories to the original or the same counterpart. Each Party shall become bound by this Agreement immediately upon affixing its signature hereto.

Section 11.8 *Applicable Law*. This Agreement shall be construed in accordance with and governed by the laws of the State of Texas, without regard to the principles of conflicts of law.

Section 11.9 *Invalidity of Provisions*. If any provision of this Agreement is or becomes invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not be affected thereby.

Section 11.10 *Amendment or Restatement*. This Agreement may be amended or restated only by a written instrument executed by each of the Parties, other than DRI and Encore Operating; *provided, however*, that after the completion of the Partnership's initial public offering of common units representing limited partner interests, the Partnership may not, without the prior approval of the conflicts committee of the board of directors of the General Partner or, if there is no such committee, the independent members of such board of directors, agree to any amendment or modification of this Agreement that the General Partner determines will adversely affect the holders of such common units. The Parties hereto agree that, for purposes of this Section 11.10, any material change in the nature, quantity or duration of the Services to be provided under this Agreement shall constitute a modification of this Agreement.

Section 11.11 *Directly or Indirectly*. Where any provision of this Agreement refers to action to be taken by any Party, or which such Party is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such Party, including actions taken by or on behalf of any Affiliate of such Party.

IN WITNESS WHEREOF, the Parties have executed this Agreement on, and effective as of, the Effective Date.

ENCORE ENERGY PARTNERS GP LLC

By: /s/ Phil Rykhoek
Name: Phil Rykhoek
Title: Chief Executive Officer

ENCORE ENERGY PARTNERS LP

By: Encore Energy Partners GP LLC,
its general partner

By: /s/ Phil Rykhoek
Name: Phil Rykhoek
Title: Chief Executive Officer

ENCORE ENERGY PARTNERS OPERATING LLC

By: /s/ Phil Rykhoek
Name: Phil Rykhoek
Title: Chief Executive Officer

ENCORE OPERATING, L.P.

By: EAP Operating, LLC,
its general partner

By: /s/ Phil Rykhoek
Name: Phil Rykhoek
Title: Chief Executive Officer

DENBURY RESOURCES INC.

By: /s/ Phil Rykhoek
Name: Phil Rykhoek
Title: Chief Executive Officer

VANGUARD NATURAL GAS, LLC

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

SCHEDULE I

SERVICES PROVIDED BY VANGUARD

TO THE PARTNERSHIP GROUP

1. Accounting
2. Information Technology
3. Real Property
4. Legal
5. Securities and Exchange Commission Reporting
6. Operations/Reservoir Engineering/Geology/Geophysics
7. Administrative Services
8. Financial Services
9. Insurance Services
10. Risk Management
11. Corporate Development
12. Commercial and Marketing
13. Treasury
14. Tax
15. Audit
16. Sarbanes-Oxley Compliance
17. Investor Relations

Exhibit 10.3

FIRST AMENDMENT TO TERM LOAN AGREEMENT

THIS FIRST AMENDMENT TO TERM LOAN AGREEMENT (the ***"First Amendment to Term Loan Agreement,"*** or this ***"Amendment"***) is entered into effective as of December 31, 2010, among **VANGUARD NATURAL GAS, LLC**, a limited liability company formed and existing under the laws of the Commonwealth of Kentucky (***"Borrower"***), BNP PARIBAS, as Administrative Agent (the ***"Administrative Agent"***) and the Lenders party hereto.

R E C I T A L S

A. Borrower, Lenders and the Administrative Agent are parties to a Term Loan Agreement dated as of November 16, 2010 (the ***"Original Term Loan Agreement"***).

B. Borrower has requested certain amendments to the Original Term Loan Agreement to delete the requirement that ENP GP pledge the ENP General Partner Units to secure the Indebtedness. Accordingly, the parties desire to amend the Original Term Loan Agreement as hereinafter provided.

NOW, THEREFORE, in consideration of these premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Same Terms**. All terms used herein which are defined in the Original Term Loan Agreement shall have the same meanings when used herein, unless the context hereof otherwise requires or provides. In addition, (i) all references in the Loan Documents to the "Agreement" shall mean the Original Term Loan Agreement, as amended by this Amendment, as the same shall hereafter be amended from time to time, and (ii) all references in the Loan Documents to the "Loan Documents" shall mean the Loan Documents, as amended by this Amendment, as the same shall hereafter be amended from time to time.

2. **Conditions Precedent**. The obligations and agreements of Lenders as set forth in this Amendment are subject to the satisfaction (in the opinion of Administrative Agent), unless waived in writing by the Administrative Agent, of each of the following conditions (and upon such satisfaction, this Amendment shall be deemed to be effective as of the date hereof):

A. **First Amendment to Term Loan Agreement**. This Amendment to Term Loan Agreement shall be executed and delivered by Borrower, Administrative Agent and Majority Lenders.

B. **Amendment to Revolver**. Administrative Agent shall receive a copy of an amendment to the Revolver, in form and substance reasonably satisfactory to the Administrative Agent, in full force and effect as of the date hereof, amending the Revolver in a manner consistent with the amendments set forth herein.

C. **Fees and Expenses**. The Administrative Agent shall have received payment of all out-of-pocket fees and expenses (including reasonable attorneys' fees and expenses) incurred by the Administrative Agent in connection with the preparation, negotiation and execution hereof.

D. **Representations and Warranties.** All representations and warranties contained herein or otherwise made in writing in connection herewith or therewith shall be true and correct in all material respects (except that any representation or warranty that is qualified as to "materiality" or "material adverse effect" shall be true and correct in all respects) with the same force and effect as though such representations and warranties have been made on and as of the date hereof, except to the extent any such representations and warranties are expressly limited to an earlier date, in which case, on and as of the date hereof, such representations and warranties shall continue to be true and correct as of such specified earlier date.

3. **Amendments to Original Term Loan Agreement**. As of the date hereof, the Original Term Loan Agreement shall be amended as follows:

(a) Section 1.01 of the Original Credit Agreement shall be amended by adding the following definition thereto in appropriate alphabetical order:

"ENP Pledged Interests" means collectively, the ENP Common Units and the ENP GP LLC Member Interests, all rights, titles and interests with respect thereto, and all proceeds thereof.

(b) The reference to "ENP Interests" in the definition of "ENP Interests Pledge Agreement" in Section 1.02 of the Original Term Loan Agreement shall be amended to refer instead to the "ENP Pledged Interests".

(c) The clause "including without limitation the grant of Liens by ENP GP on the ENP General Partner Units pursuant to the ENP Interests Pledge Agreement" at the end of the definition of "Transactions" in Section 1.02 of the Original Term Loan Agreement shall be deleted.

(d) The references to "ENP Interests" in Section 2.09(e) of the Original Term Loan Agreement and in the heading of such Section 2.09(e) shall be amended to refer instead to "ENP Pledged Interests".

(e) The phrase "and ENP GP's pledge of the ENP General Partner Units" in Section 6.02(k) of the Original Term Loan Agreement shall be deleted.

(f) The phrase "ENP General Partner Units or" in Section 6.02(o)(ii) of the Original Term Loan Agreement shall be deleted.

(g) The reference to "55%" in Section 6.02(q) of the Original Term Loan Agreement shall be amended to refer instead to "51.9%".

(h) The reference to "Liens" in Section 7.16(f)(i) and the first reference to "Liens" in Section 7.16(f)(ii) of the Original Term Loan Agreement shall be amended to refer instead to "Liens on the ENP Pledged Interests".

(i) The references to "ENP Interests" in Section 7.24 of the Original Term Loan Agreement shall be amended to refer instead to "ENP Pledged Interests", the reference to "and ENP GP's" in the third sentence of such Section 7.24 and the references to "and ENP GP" in the fourth sentence of such Section 7.24 shall be deleted, and the reference to "debtors" in such fourth sentence shall refer instead to "debtor".

(j) The references to "ENP Interests" in Section 8.11(b) of the Original Term Loan Agreement shall be amended to refer instead to "ENP Pledged Interests".

(k) The references to "ENP Interests" in Section 8.14(e) of the Original Term Loan Agreement shall be amended to refer instead to "ENP Pledged Interests".

(l) Paragraph 2(b) of Exhibit E to the Original Term Loan Agreement shall be deleted.

4. **Certain Representations**. Borrower represents and warrants that, as of the date hereof: (a) Borrower has full power and authority to execute this Amendment and this Amendment constitutes the legal, valid and binding obligation of Borrower enforceable in accordance with its terms, except as enforceability may be limited by general principles of equity and applicable bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting the enforcement of creditors' rights generally; and (b) no authorization, approval, consent or other action by, notice to, or filing with, any governmental authority or other person is required for the execution, delivery and performance by Borrower thereof. In addition, Borrower represents that after giving effect to this Amendment all representations and warranties contained in the Original Term Loan Agreement and the other Loan Documents are true and correct in all material respects on and as of the date hereof as if made on and as of such date except to the extent that any such representation or warranty expressly relates solely to an earlier date, in which case such representation or warranty is true and correct in all material respects as of such earlier date.

5. **No Further Amendments.** Except as previously amended in writing or as amended hereby, the Original Term Loan Agreement shall remain unchanged and all provisions shall remain fully effective between the parties.

6. **Acknowledgments and Agreements**. Borrower acknowledges that on the date hereof all outstanding Indebtedness is payable in accordance with its terms, and Borrower waives any defense, offset, counterclaim or recoupment with respect thereto. Borrower, Administrative Agent and each Lender do hereby adopt, ratify and confirm the Original Term Loan Agreement, as amended hereby, and acknowledge and agree that the Original Term Loan Agreement, as amended hereby, is and remains in full force and effect. Borrower acknowledges and agrees that its liabilities and obligations under the Original Term Loan Agreement, as amended hereby, and under the Loan Documents, are not impaired in any respect by this Amendment. Any breach of any representations, warranties and covenants under this Amendment shall be a Default or an Event of Default, as applicable, under the Original Term Loan Agreement.

7. **Limitation on Agreements**. The modifications set forth herein are limited precisely as written and shall not be deemed (a) to be a consent under or a waiver of or an amendment to any other term or condition in the Original Term Loan Agreement or any of the Loan Documents, or (b) to prejudice any right or rights which the Administrative Agent now has or may have in the future under or in connection with the Original Term Loan Agreement and the Loan Documents, each as amended hereby, or any of the other documents referred to herein or therein. This Amendment shall constitute a Loan Document for all purposes.

8. **Confirmation of Security**. Borrower hereby confirms and agrees that all of the Mortgages, security agreements and other security instruments which presently secure the Indebtedness shall continue to secure, in the same manner and to the same extent provided therein, the payment and performance of the Indebtedness as described in the Original Term Loan Agreement as modified by this Amendment.

9. **Counterparts**. This Amendment may be executed in any number of counterparts, each of which when executed and delivered shall be deemed an original, but all of which constitute one instrument. In making proof of this Amendment, it shall not be necessary to produce or account for more than one counterpart thereof signed by each of the parties hereto.

10. **Incorporation of Certain Provisions by Reference**. The provisions of Section 12.09 of the Original Term Loan Agreement captioned "Governing Law, Jurisdiction; Consent to Service of Process; Waiver of Jury Trial" are incorporated herein by reference for all purposes.

11. **Entirety, Etc**. This Amendment and all of the other Loan Documents embody the entire agreement between the parties. THIS AMENDMENT AND ALL OF THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

[This space is left intentionally blank. Signature pages follow.]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to be effective as of the date and year first above written.

BORROWER

VANGUARD NATURAL GAS, LLC

By: /s/ Richard Robert
Richard Robert
Executive Vice President
and Chief Financial Officer

ADMINISTRATIVE AGENT: **BNP PARIBAS**
as Administrative Agent

By: /s/ Richard Hawthorne
Name: Richard Hawthorne
Title: Director

By: /s/ Russell Otts
Name: Russell Otts
Title: Director

LENDERS: **BNP PARIBAS**

By: /s/ Richard Hawthorne
Name: Richard Hawthorne
Title: Director

By: /s/ Russell Otts
Name: Russell Otts
Title: Director

LENDERS: **CITIBANK, N.A.**

By: /s/ John F. Miller
Name: John F. Miller
Title: Attorney-In- Fact

LENDERS: **CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK**

By: /s/ Mark Roche
Name: Mark Roche
Title: Managing Director

By: /s/ Michael Willis
Name: Michael Willis
Title: Managing Director

LENDERS: **ROYAL BANK OF CANADA**

By: /s/ Don J. McKinnerney
Name: Don J. McKinnerney
Title: Authorized Signatory

LENDERS: **WELLS FARGO BANK, N.A.**

By: /s/ Ryan Sauer
Name: Ryan Sauer
Title: Assistant Vice President

LENDERS: **THE BANK OF NOVA SCOTIA**

By: /s/ Paula Czach
Name: Paula Czach
Title: Managing Director

Exhibit 10.4

FOURTH AMENDMENT TO SECOND AMENDED

AND RESTATED CREDIT AGREEMENT

THIS FOURTH AMENDMENT TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT (the ***"Fourth Amendment to Credit Agreement,"*** or this ***"Amendment"***) is entered into effective as of December 31, 2010, among **VANGUARD NATURAL GAS, LLC**, a limited liability company formed and existing under the laws of the Commonwealth of Kentucky (***"Borrower"***), **CITIBANK, N.A.**, as Administrative Agent and L/C Issuer (the ***"Administrative Agent"***), and the Lenders party hereto.

R E C I T A L S

A. Borrower, the financial institutions signing as Lenders, and the Administrative Agent are parties to a Second Amended and Restated Credit Agreement dated as of August 31, 2009, as amended by a First Amendment to Second Amended and Restated Credit Agreement dated as of October 14, 2009, and as amended by a Second Amendment to Second Amended and Restated Credit Agreement dated as of June 1, 2010, and as amended by a Third Amendment to Second Amended and Restated Credit Agreement dated as of November 16, 2010 (collectively, the ***"Original Credit Agreement"***).

B. Borrower has requested certain amendments to the Original Credit Agreement to delete the requirement that ENP GP pledge the ENP General Partner Units to secure the Indebtedness. Accordingly, the parties desire to amend the Original Credit Agreement as hereinafter provided.

NOW, THEREFORE, in consideration of these premises and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Same Terms**. All terms used herein which are defined in the Original Credit Agreement shall have the same meanings when used herein, unless the context hereof otherwise requires or provides. In addition, (i) all references in the Loan Documents to the "Agreement" shall mean the Original Credit Agreement, as amended by this Amendment, as the same shall hereafter be amended from time to time, and (ii) all references in the Loan Documents to the "Loan Documents" shall mean the Loan Documents, as amended by this Amendment, as the same shall hereafter be amended from time to time.

2. **Conditions Precedent**. The obligations and agreements of Lenders as set forth in this Amendment are subject to the satisfaction (in the opinion of Administrative Agent), unless waived in writing by the Administrative Agent, of each of the following conditions (and upon such satisfaction, this Amendment shall be deemed to be effective as of the date hereof):

A. **Fourth Amendment to Credit Agreement**. This Amendment shall be executed and delivered by Borrower, Administrative Agent and Majority Lenders.

B. **Amendment to Term Loan Credit Agreement**. Administrative Agent shall receive a copy of an amendment to the Term Loan Credit Agreement, in form and substance reasonably satisfactory to the Administrative Agent, in full force and effect as of the date hereof, amending the Term Loan Credit Agreement in a manner consistent with the amendments set forth herein.

C. **Fees and Expenses**. The Administrative Agent shall have received payment of all out-of-pocket fees and expenses (including reasonable attorneys' fees and expenses) incurred by the Administrative Agent in connection with the preparation, negotiation and execution hereof.

D. **Representations and Warranties.** All representations and warranties contained herein or otherwise made in writing in connection herewith shall be true and correct in all material respects (except that any representation or warranty that is qualified as to "materiality" or "material adverse effect" shall be true and correct in all respects) with the same force and effect as though such representations and warranties have been made on and as of the date hereof, except to the extent any such representations and warranties are expressly limited to an earlier date, in which case, on and as of the date hereof, such representations and warranties shall continue to be true and correct as of such specified earlier date.

3. **Amendments to Original Credit Agreement**. As of the date hereof, the Original Credit Agreement shall be amended as follows:

(a) Section 1.02 of the Original Credit Agreement shall be amended by adding the following definition thereto in appropriate alphabetical order:

"'ENP Pledged Interests' means collectively, the ENP Common Units and the ENP GP LLC Member Interests, all rights, titles and interests with respect thereto, and all proceeds thereof."

(b) The reference to "ENP Interests" in the definition of "ENP Interests Pledge Agreement" in Section 1.02 of the Original Credit Agreement shall be amended to refer instead to the "ENP Pledged Interests".

(c) The clause "including without limitation the grant of Liens by ENP GP on the ENP General Partner Units pursuant to the ENP Interests Pledge Agreement" at the end of the definition of "Transactions" in Section 1.02 of the Original Credit Agreement shall be deleted.

(d) The references to "ENP Interests" in Section 2.09(e) of the Original Credit Agreement and in the heading of such Section 2.09(e) shall be amended to refer instead to "ENP Pledged Interests".

(e) The reference to "Liens" in Section 7.16(f)(i) and the first reference to "Liens" in Section 7.16(f)(ii) of the Original Credit Agreement shall be amended to refer instead to "Liens on the ENP Pledged Interests".

(f) The reference to "ENP Interests" in Section 7.24 of the Original Term Loan Agreement shall be amended to refer instead to "ENP Pledged Interests" and the reference to "and ENP GP's" in Section 7.24 shall be deleted.

(g) The references to "ENP Interests" in Section 8.11(b) of the Original Credit Agreement shall be amended to refer instead to "ENP Pledged Interests".

(h) The references to "ENP Interests" in Section 8.14(e) of the Original Credit Agreement shall be amended to refer instead to "ENP Pledged Interests".

4. **Certain Representations**. Borrower represents and warrants that, as of the date hereof: (a) Borrower has full power and authority to execute this Amendment and this Amendment constitutes the legal, valid and binding obligation of Borrower enforceable in accordance with its terms, except as enforceability may be limited by general principles of equity and applicable bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting the enforcement of creditors' rights generally; and (b) no authorization, approval, consent or other action by, notice to, or filing with, any governmental authority or other person is required for the execution, delivery and performance by Borrower thereof. In addition, Borrower represents that after giving effect to this Amendment all representations and warranties contained in the Original Credit Agreement and the other Loan Documents are true and correct in all material respects on and as of the date hereof as if made on and as of such date except to the extent that any such representation or warranty expressly relates solely to an earlier date, in which case such representation or warranty is true and correct in all material respects as of such earlier date.

5. **No Further Amendments.** Except as previously amended in writing or as amended hereby, the Original Credit Agreement shall remain unchanged and all provisions shall remain fully effective between the parties.

6. **Acknowledgments and Agreements**. Borrower acknowledges that on the date hereof all outstanding Indebtedness is payable in accordance with its terms, and Borrower waives any defense, offset, counterclaim or recoupment with respect thereto. Borrower, Administrative Agent, L/C Issuer and each Lender do hereby adopt, ratify and confirm the Original Credit Agreement, as amended hereby, and acknowledge and agree that the Original Credit Agreement, as amended hereby, is and remains in full force and effect. Borrower acknowledges and agrees that its liabilities and obligations under the Original Credit Agreement, as amended hereby, and under the Loan Documents, are not impaired in any respect by this Amendment. Any breach of any representations, warranties and covenants under this Amendment shall be a Default or an Event of Default, as applicable, under the Original Credit Agreement.

7. **Limitation on Agreements**. The modifications set forth herein are limited precisely as written and shall not be deemed (a) to be a consent under or a waiver of or an amendment to any other term or condition in the Original Credit Agreement or any of the Loan Documents, or (b) to prejudice any right or rights which the Administrative Agent now has or may have in the future under or in connection with the Original Credit Agreement and the Loan Documents, each as amended hereby, or any of the other documents referred to herein or therein. This Amendment shall constitute a Loan Document for all purposes.

8. **Confirmation of Security**. Borrower hereby confirms and agrees that all of the Mortgages, security agreements and other security instruments which presently secure the Indebtedness shall continue to secure, in the same manner and to the same extent provided therein, the payment and performance of the Indebtedness as described in the Original Credit Agreement as modified by this Amendment.

9. **Counterparts**. This Amendment may be executed in any number of counterparts, each of which when executed and delivered shall be deemed an original, but all of which constitute one instrument. In making proof of this Amendment, it shall not be necessary to produce or account for more than one counterpart thereof signed by each of the parties hereto.

10. **Incorporation of Certain Provisions by Reference**. The provisions of Section 12.09 of the Original Credit Agreement captioned "Governing Law, Jurisdiction; Consent to Service of Process; Waiver of Jury Trial" are incorporated herein by reference for all purposes.

11. **Concerning the Previously Executed Guaranty Agreements**. Prior to the date of this Amendment, Ariana Energy, LLC, Trust Energy Company, LLC, Vanguard Permian, LLC and VNR Holdings, LLC have executed and delivered Guaranty Agreements (collectively, the ***"Previously Executed Guaranty Agreements"***) to Administrative Agent pursuant to the provisions of the Original Credit Agreement. Several of the Previously Executed Guaranty Agreements guarantee the payment of the "Obligations" rather than the payment of the "Indebtedness." The parties confirm that it is their intent that the previously executed Guaranty Agreements guarantee the "Indebtedness" as that term is defined in the Original Credit Agreement.

12. **Entirety, Etc**. This Amendment and all of the other Loan Documents embody the entire agreement between the parties. THIS AMENDMENT AND ALL OF THE OTHER LOAN DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

[This space is left intentionally blank. Signature pages follow.]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment to be effective as of the date and year first above written.

BORROWER

VANGUARD NATURAL GAS, LLC

By: /s/ Richard Robert
Richard Robert
Executive Vice President
and Chief Financial Officer

ARIANA ENERGY, LLC

By: Vanguard Natural Gas, LLC,
Sole Member

By: /s/ Richard Robert

Richard Robert
Executive Vice President
and Chief Financial Officer

TRUST ENERGY COMPANY, LLC

By: Vanguard Natural Gas, LLC,
Sole Manger

By: **:** /s/ Richard Robert

Richard Robert
Executive Vice President
and Chief Financial Officer

VANGUARD PERMIAN, LLC

By: Vanguard Natural Gas, LLC,
Sole Member

By: **/s/** Richard Robert

Richard Robert
Executive Vice President
and Chief Financial Officer

VNR HOLDINGS, LLC

By: Vanguard Natural Gas, LLC,
Sole Member

By: **/s/** Richard Robert

Richard Robert
Executive Vice President
and Chief Financial Officer

ADMINISTRATIVE AGENT

CITIBANK, N.A.,
as Administrative Agent

By: /s/ Ryan Watson
Ryan Watson
Vice President

EXISTING LENDER

CITIBANK, N.A.

By: /s/ Ryan Watson
Ryan Watson
Vice President

LENDER

BNP PARIBAS

By: /s/ Mei Wan Tong
Name: Mei Wan Tong
Title: Director

By: /s/ John A. Clark
Name: John A. Clark
Title: Managing Director

LENDER

COMERICA BANK

By:
Name:
Title:

LENDER

COMPASS BANK

By: /s/ Dorothy Marchand
Name: Dorothy Marchand
Title: Senior Vice President

LENDER

ROYAL BANK OF CANADA

By:
Name:
Title:

LENDER

THE BANK OF NOVA SCOTIA

By: /s/Paula Czach
Name: Paula Czach
Title: Managing Director

LENDER

WELLS FARGO BANK, N.A.

By: /s/ Leanne S. Phillips
Name: Leanne S. Phillips
Title: Director

LENDER

CREDIT AGRICOLE CORPORATE AND INVESTMENT BANK

By: /s/ Mark Roche
Name: Mark Roche
Title: Managing Director

By: /s/ Michael Willis
Name: Michael Willis
Title: Managing Director

Exhibit 99.1

NEWS RELEASE

Vanguard Natural Resources Announces Closing of Encore Acquisition

Houston, January 3, 2011 – Vanguard Natural Resources, LLC (NYSE: VNR) ("Vanguard" or "Company") today announced that on December 31, 2010 it closed its previously announced acquisition of the general partner interest and certain limited partner interests in Encore Energy Partners, LP (NYSE:ENP) from Denbury Resources Inc.'s (NYSE: DNR) ("Denbury") for $300 million in cash and the issuance of approximately 3.14 million Vanguard common units to Denbury. Vanguard owns ENP's general partner and 20,924,055 ENP common units, or approximately 46% of ENP's outstanding common units. The cash portion of the purchase price was funded from borrowings under Vanguard's senior secured credit facility and a $175 million acquisition term loan.

Mr. Scott W. Smith, President and CEO of Vanguard commented, "With this acquisition we are acquiring a great set of assets in a structure where we have a proven track record of growth, both in terms of production and distributions. This transaction expands our presence in the Permian Basin and establishes a base from which to grow in the Big Horn and Williston Basins. We are confident that over time the benefits from this acquisition will be substantial and will allow us to continue to achieve our strategic objectives on an accretive basis."

ENP's estimated proved reserves as of September 30, 2010 are 91% proved developed and total approximately 43.4 million barrels of oil equivalent (MMBoe) and are comprised of approximately 67% crude oil and NGLs and 33% natural gas. The properties are characterized by long-lived, predictable production profiles with low decline rates and have a reserve to production ratio of approximately 14 years.

About Vanguard Natural Resources, LLC

Vanguard Natural Resources, LLC is a publicly traded limited liability company focused on the acquisition, production and development of oil and natural gas properties. The Company's assets consist primarily of producing and non-producing oil and natural gas reserves located in the southern portion of the Appalachian Basin, the Permian Basin in West Texas and New Mexico, South Texas and Mississippi. More information on the Company can be found at www.vnrllc.com.

About Encore Energy Partners LP

Encore Energy Partners LP is a publicly traded master limited partnership with assets primarily consisting of producing and non-producing oil and natural gas properties in the Big Horn Basin in Wyoming and Montana, the Williston Basin in North Dakota and Montana, the Permian Basin in West Texas and New Mexico, and the Arkoma Basin in Arkansas and Oklahoma.

Forward-Looking Statements

This press release includes "forward-looking statements" within the meaning of the federal securities laws. All statements, other than statements of historical facts, included in this press release that address activities, events or developments that the Company expects, believes or anticipates will or may occur in the future are forward-looking statements. These statements include but are not limited to statements about the acquisition announced in this press release. These statements are based on certain assumptions made by the Company based on management's experience and perception of historical trends, current conditions, anticipated future developments and other factors believed to be appropriate. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of the Company, which may cause actual results to differ materially from those implied or expressed by the forward-looking statements. These include risks relating to financial performance and results, availability of sufficient cash flow to pay distributions and execute our business plan, prices and demand for oil, natural gas and natural gas liquids, our ability to replace reserves and efficiently develop our current reserves and other important factors that could cause actual results to differ materially from those projected as described in the Company's reports filed with the Securities and Exchange Commission. Please see "Risk Factors" in the Company's public filings.

Any forward-looking statement speaks only as of the date on which such statement is made and the Company undertakes no obligation to publicly correct or update any forward-looking statement, whether as a result of new information, future events or otherwise.

INVESTOR RELATIONS CONTACT:
Vanguard Natural Resources, LLC
Lisa Godfrey, 832-327-2234
investorrelations@vnrllc.com

Exhibit 99.2

STATEMENT OF POLICIES RELATING TO THE CORPORATE GOVERNANCE OF AND BUSINESS OPPORTUNITIES PRESENTED TO VANGUARD NATURAL RESOURCES, LLC AND ENCORE ENERGY PARTNERS LP

This Statement of Policies Related to the Corporate Governance of and Business Opportunities Presented to Vanguard Natural Resources, LLC (" VNR") and Encore Energy Partners LP ("ENP"), referred to herein as this "Statement," specifies the policies and procedures that have been adopted by VNR and ENP, as authorized and approved by the Board of Directors of VNR as of December 31, 2010, to address potential conflicts among VNR and ENP.

Corporate Governance

Conflicts Committees. Each of VNR and the Board of Directors of Encore Energy Partners GP LLC, the general partner of ENP (" ENP GP") will maintain a Conflicts Committee of its Board of Directors that (i) is comprised entirely of directors who satisfy the independence requirements for Conflicts Committee members contained in the Second Amended and Restated Limited Liability Company Agreement of Vanguard Natural Resources, LLC, as it may be amended from time to time (the "VNR LLC Agreement") or the Second Amended and Restated Agreement of Limited Partnership of Encore Energy Partners LP, as it may be amended from time to time (the "ENP LP Agreement"), as applicable and (ii) otherwise satisfies the requirements contained in the definition of "Conflicts Committee" in the VNR LLC Agreement or ENP LP Agreement, as applicable.

Transactions between VNR and ENP Entities

Any material transaction between any of ENP or ENP GP or any of their respective subsidiaries (collectively, the " ENP Entities"), on the one hand, and VNR or any of its affiliates or subsidiaries other than the ENP Entities, on the other hand, will require (a) if the transaction relates to VNR, the prior approval of any of (i) the Board of Directors of VNR, (ii) the Conflicts Committee of the Board of Directors of VNR or (iii) another duly authorized committee of the Board of Directors of VNR and (b) if the transaction relates to an ENP Party, the prior approval of the Conflicts Committee of the Board of Directors of ENP GP. In addition, each of VNR and ENP will continue to be subject to their obligations under their respective credit agreements and partnership agreements related to transactions with affiliates**.**

Business Opportunities

In the event that VNR or any of the ENP Entities (each a " Business Opportunity Party") is offered by a third party or discovers an opportunity (i) to acquire from a third party any properties, business, asset or entity or (ii) to develop, operate or construct any new property, pipeline, gathering system, storage facility or other facility or assets (each such opportunity a " Business Opportunity"), then any such Business Opportunity shall be allocated between VNR and ENP as provided in this section. In no event, however, will an opportunity for either VNR or ENP to acquire additional working or royalty interests in assets already held by either VNR or ENP, as applicable, be considered a Business Opportunity subject to this Statement.

ENP Area Business Opportunities. If the Business Opportunity relates to a business, asset or entity located in:

- the Big Horn Basin in Wyoming and Montana;
- the Williston Basin in North Dakota and Montana;
- the Arkoma Basin in Arkansas and Oklahoma; or
- any other geographic area other than a VNR Area (as defined below);

(all such areas described in the above bullet points, collectively, the "ENP Area" and any Business Opportunity relating to a business, asset or entity located therein an "ENP Area Business Opportunity") then the Business Opportunity Party that is offered or discovers such ENP Area Business Opportunity shall promptly advise the Board of Directors of ENP GP and present such ENP Area Business Opportunity to ENP.

ENP shall be presumed to desire to pursue the ENP Area Business Opportunity until such time as ENP GP advises VNR that ENP has abandoned the pursuit of such ENP Area Business Opportunity. In the event that the purchase price associated with the ENP Business Opportunity is reasonably likely to equal or exceed $25,000,000 any decision to decline an ENP Area Business Opportunity shall only be made upon consultation with and subject to the approval of the Conflicts Committee of the Board of Directors of ENP GP. In the event that ENP abandons the ENP Area Business Opportunity and so notifies VNR, VNR shall have the right to pursue such ENP Area Business Opportunity.

VNR Area Business Opportunities. If the Business Opportunity relates to a business, asset or entity located in:

- the Appalachian Basin, including southeast Kentucky and northeast Tennessee;
- south Texas; or
- Mississippi;

(such areas described in the above bullet points, collectively, the "VNR Area" and any Business Opportunity relating to a business, asset or entity located therein a "VNR Area Business Opportunity") then the Business Opportunity Party that is offered or discovers such VNR Area Business Opportunity shall promptly advise the Board of Directors of VNR and present such VNR Area Business Opportunity to VNR.

VNR shall be presumed to desire to pursue the VNR Area Business Opportunity until such time as VNR advises ENP that VNR has abandoned the pursuit of such VNR Area Business Opportunity. In the event that the purchase price associated with the VNR Business Opportunity is reasonably likely to equal or exceed $25,000,000, any decision to decline a VNR Area Business Opportunity shall only be made upon consultation with and subject to the approval of (i) the Board of Directors of VNR, (ii) the Conflicts Committee of the Board of Directors of VNR or (iii) another duly authorized committee of the Board of Directors of VNR. In the event that VNR abandons the VNR Area Business Opportunity and so notifies ENP, ENP shall have the right to pursue such VNR Area Business Opportunity.

Joint Area Business Opportunities. If the Business Opportunity relates to a business, asset or entity located in the Permian Basin in West Texas and New Mexico (such areas, the "Joint Area" and any Business Opportunity relating to a business, asset or entity located therein a " Joint Area Business Opportunity") then the Business Opportunity Party that is offered or discovers such Joint Area Business Opportunity shall promptly advise the Board of Directors of the other party to this Statement, VNR or ENP, as applicable. Each of VNR and ENP shall, upon completion of its necessary evaluation of the Joint Area Business Opportunity, inform each other whether or not such company intends to pursue the Joint Area Business Opportunity. In the event that the purchase price associated with the Joint Area Business Opportunity is reasonably likely to equal or exceed $25,000,000 any decision to decline a Joint Area Business Opportunity shall only be made (i) by VNR, upon consultation with and subject to the approval of (A) the Board of Directors of VNR, (B) the Conflicts Committee of the Board of Directors of VNR or (C) another duly authorized committee of the Board of Directors of VNR and (ii) by ENP, upon consultation with and subject to the approval of the Conflicts Committee of the Board of Directors of ENP GP.

In the event that both VNR and ENP wish to pursue the Joint Business Opportunity, then each company shall offer to the other the opportunity to participate in such Joint Area Business Opportunity on a 50/50 basis. If either VNR or ENP elects to abandon the Joint Area Business Opportunity and so notifies the other company, then such other company shall have the right to pursue such Joint Area Business Opportunity independently.