

---

**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): **September 12, 2011 (September 9, 2011)**

**Vanguard Natural Resources, LLC**

(Exact name of registrant as specified in its charter)

**DELAWARE**  
(State or other jurisdiction of  
incorporation)

**001-33756**  
(Commission File Number)

**61-1521161**  
(IRS Employer Identification  
No.)

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

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

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

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

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

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

On September 9, 2011, Vanguard Natural Resources, LLC (the “Company”) entered into an Amended and Restated Equity Distribution Agreement (the “Agreement”) with Knight Capital Americas, L.P., as successor in interest to Knight Capital Markets LLC, a subsidiary of Knight Capital Group, Inc. (the “Agent”). Pursuant to the terms of the Agreement, the Company may sell from time to time through the Agent, as the Company’s sales agent, common units representing limited liability company interests of the Company having an aggregate offering price of up to \$200 million (the “Units”). Sales of the Units, if any, will be made by means of ordinary brokers’ transactions on the New York Stock Exchange at market prices.

Of the \$200 million of the Units under the Agreement, \$115 million of the Units may be issued pursuant to the Company’s existing shelf registration statement on Form S-3 (Registration No. 333-159911). The Company will file a new shelf registration statement upon the earlier of (i) August 4, 2012 or (ii) following the sale of \$115 million of the Units.

The summary of the Agreement in this report does not purport to be complete and is qualified by reference to such agreement, which is filed as Exhibit 1.1 hereto.

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

**(d) Exhibits.**

<b><u>EXHIBIT NUMBER</u></b>	<b><u>DESCRIPTION</u></b>
Exhibit 1.1	Amended and Restated Equity Distribution Agreement, dated September 9, 2011, by and among the Company and Knight Capital Americas, L.P.
Exhibit 5.1	Opinion of Vinson & Elkins L.L.P. regarding legality of the Units.
Exhibit 8.1	Opinion of Vinson & Elkins L.L.P. regarding tax matters.
Exhibit 99.1	Press Release dated September 12, 2011.

---

**SIGNATURES**

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

**VANGUARD NATURAL RESOURCES, LLC**

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

September 12, 2011

---

## EXHIBIT INDEX

<b>EXHIBIT NUMBER</b>	<b>DESCRIPTION</b>
Exhibit 1.1	Amended and Restated Equity Distribution Agreement, dated September 9, 2011, by and among the Company and Knight Capital Americas, L.P.
Exhibit 5.1	Opinion of Vinson & Elkins L.L.P. regarding legality of the Units.
Exhibit 8.1	Opinion of Vinson & Elkins L.L.P. regarding tax matters.
Exhibit 99.1	Press Release dated September 12, 2011.

## EQUITY DISTRIBUTION PROGRAM

## Distribution Agreement

September 9, 2011

Knight Capital Americas, L.P.  
320 Park Avenue  
New York, New York 10012

Ladies and Gentlemen:

Vanguard Natural Resources, LLC, a Delaware limited liability company (the “Company”), confirms its agreement (this “Agreement”) to amend and restate the Distribution Agreement dated August 9, 2010 (the “Original Agreement”) with Knight Capital Americas, L.P., as successor in interest to Knight Capital Markets LLC, as agent (“you” or “KCA”), with respect to the issuance and sale from time to time by the Company, in the manner and subject to the terms and conditions described below, of up to an aggregate number of common units representing limited liability company interests in the Company (the “Common Units”) having an aggregate Gross Sales Price (as defined in Section 3(b) herein) of \$200,000,000 (the “Maximum Number of Units”), including for the avoidance of doubt, the Common Units sold prior to the date hereof pursuant to the Original Agreement. Such common units are hereinafter collectively referred to as the “Units.” The Units are described in the Prospectus referred to below.

The Company has filed with the Securities and Exchange Commission (the “Commission”) a registration statement on Form S-3 (File No. 333-159911) (the “registration statement”) for the registration of at least \$115 million of remaining Units, under the Securities Act of 1933, as amended, and the rules and regulations of the Commission promulgated thereunder (collectively, the “Act”), which sets forth the terms of the offering, sale, plan of distribution of the Units and additional information concerning the Company and its business. Except where the context otherwise requires, “Registration Statement,” as used herein, means the registration statement, as amended at the time of such registration statement’s effectiveness for purposes of Section 11 of the Act, as such section applies to KCA, including (1) all documents filed as a part thereof or incorporated or deemed to be incorporated by reference therein, (2) any information contained or incorporated by reference in a prospectus filed with the Commission pursuant to Rule 424(b) under the Act, to the extent such information is deemed, pursuant to Rule 430B or Rule 430C under the Act, to be part of the registration statement at the effective time, and (3) any registration statement filed to register the offer and sale of Units pursuant to Rule 462(b) under the Act. Except where the context otherwise requires, as used herein, (i) “Basic Prospectus” means the prospectus filed as part of the Registration Statement, together with any amendments or supplements thereto as of the date of this Agreement; (ii) “Prospectus Supplement” means the final prospectus supplement dated September 9, 2011, relating to the Units, filed by the Company with the Commission pursuant to Rule 424(b) under the Act on or before the second business day after the date hereof (or such earlier time as may be required under the Act), in the form furnished by the Company to KCA in connection with the offering of the Units; (iii) “Prospectus” means the Prospectus Supplement together with the Basic Prospectus; and (iv) “Permitted Free Writing Prospectuses” means the documents listed on Exhibit H hereto and any other “issuer free writing prospectus” (as defined in Rule 433 of the Act) that relates to the Units and which the Company and KCA reasonably agree from time to time is a Permitted Free Writing Prospectus. Any reference herein to the registration statement, the Registration Statement, the Basic Prospectus, the Prospectus Supplement, the Prospectus or any Permitted Free Writing Prospectus shall, unless stated otherwise, be deemed to refer to and include the documents incorporated by reference, or deemed to be incorporated by reference, therein (the “Incorporated Documents”), including, unless the context otherwise requires, the documents, if any, filed as exhibits to such Incorporated Documents. Any reference herein to the terms “amend,” “amendment” or “supplement” with respect to the Registration Statement, the Basic Prospectus, the Prospectus Supplement, the Prospectus or any Permitted Free Writing Prospectus shall, unless stated otherwise, be deemed to refer to and include the filing of any document under the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder (collectively, the “Exchange Act”), on or after the initial effective date of the Registration Statement, or the date of Basic Prospectus, the Prospectus Supplement, the Prospectus or such Permitted Free Writing Prospectus, as the case may be, and deemed to be incorporated therein by reference.

As of the date hereof:

- (a) The Company beneficially owns all of the issued and outstanding limited liability company interests in each of Vanguard Natural Gas, LLC, a Kentucky limited liability company formerly known as Nami Holding Company, LLC (“VNG”), and VNR Holdings, LLC, a Delaware limited liability company (“VNR Holdings”), and all of the issued and outstanding common stock, par value \$0.01, of VNR Finance Corp., a Delaware corporation (“VNR Finance”).
- (b) VNG beneficially owns all of the issued and outstanding limited liability company interests in each of Ariana Energy LLC, a Tennessee limited liability company (“AE”), Trust Energy Company, LLC, a Kentucky limited liability company (“TEC”), Vanguard Permian, LLC, a Delaware limited liability company (“Permian”), and Encore Energy Partners GP LLC, a Delaware limited liability company (“Encore GP” and together with AE, TEC, VNR Holdings and Permian, the “Operating Subsidiaries”).
- (c) Encore GP is the sole general partner of Encore Energy Partners LP, a Delaware limited liability company (“Encore”), and beneficially owns a 1.1% general partner interest, and 504,851 General Partner Units, in Encore, and VNG owns a 45.5% limited partner interest in Encore.
- (d) On July 11, 2011, the Company and Encore announced the execution of a definitive agreement that would result in a merger whereby Encore would become a wholly owned indirect subsidiary of the Company, through a unit-for-unit exchange, subject to the respective approvals of the unitholders of the Company and Encore (the “Encore Merger”).

The Company, VNG, TEC, Permian, VNR Holdings, VNR Finance, AE and Encore GP are sometimes referred to herein collectively as the

“Vanguard Parties.” As used herein, “Operative Agreements” means collectively, the Company LLC Agreement (as defined in Section 4(f) hereof), the VNG LLC Agreement (as defined in Section 4(h)(i) hereof), the Certificate of Incorporation and Bylaws of VNR Finance (the “VNR Finance Organizational Documents”), and each Operating Subsidiary LLC Agreement (as defined in Section 4(h)(iii) hereof), as they may be amended or restated at or prior to the Closing Date (as defined below).

The Company and KCA agree as follows:

1. Issuance and Sale.

- (a) Upon the basis of the representations and warranties and subject to the terms and conditions set forth herein and provided that the Company provides KCA with any due diligence materials and information reasonably requested by KCA necessary for KCA to satisfy its due diligence obligations, on any Exchange Business Day (as defined below) selected by the Company, the Company and KCA shall enter into an agreement in accordance with Section 3 hereof regarding the number of Units to be placed by KCA as agent for the Company and the manner in which and other terms upon which such placement is to occur (each such transaction being referred to as a “Transaction”). As used in this Agreement, (i) the “Term” shall be the period commencing on the date hereof and ending on the earliest of (x) September 5, 2014, (y) the date on which the Maximum Number of Units have been issued and sold pursuant to this Agreement, and (z) the termination of this Agreement pursuant to Sections 9 or 10 hereof (the “Termination Date”), (ii) an “Exchange Business Day” means any day during the Term that is a trading day for the Exchange other than a day on which trading on the Exchange (as defined below) is scheduled to close prior to its regular weekday closing time, and (iii) “Exchange” means the New York Stock Exchange, Inc.
- (b) Subject to the terms and conditions set forth below, the Company appoints KCA as agent in connection with the offer and sale of Units in any Transactions entered into hereunder. KCA will use commercially reasonable efforts to sell such Units in accordance with the terms and conditions hereof and of the applicable Transaction Notice (as defined below). Neither the Company nor KCA shall have any obligation to enter into a Transaction. The Company shall be obligated to issue and sell through KCA, and KCA shall be obligated to use commercially reasonable efforts, as provided herein and in the applicable Transaction Notice, to place Units issued by the Company only if and when a Transaction Notice related to such a Transaction has been delivered by KCA and accepted by the Company as provided in Section 3 hereof. KCA shall have the right, in its sole discretion, to reject any offer to purchase Units, as a whole or in part, by persons solicited by KCA and any such rejection shall not be deemed a breach of KCA’s agreement herein. The Company may accept or reject any proposed offer to purchase Units, as a whole or in part, and no such rejection shall be deemed a breach of the Company’s agreement herein.
- (c) KCA covenants and agrees not to make any sales of the Units on behalf of the Company, pursuant to this Agreement, other than by means of ordinary brokers’ transactions between members of the Exchange that qualify for delivery of a Prospectus to the Exchange in accordance with Rule 153 under the Act and meet the definition of an “at the market” offering under Rule 415(a)(4) under the Act (such transactions are hereinafter referred to as “At-the-Market-Offerings”).
- (d) Any obligation of KCA to use its commercially reasonable efforts to sell the Units on behalf of the Company shall be subject to the continuing accuracy of the representations and warranties of the Company herein, to the performance by the Company of its covenants in Sections 5 and 7 hereof and elsewhere in this Agreement and to the continuing satisfaction of the additional conditions specified in Sections 6 and 8 hereof.
- (e) If the Company shall default on its obligation to deliver Units to a purchaser whose offer it has accepted, the Company shall (i) hold KCA harmless against any loss, claim or damage arising from or as a result of such default by the Company and (ii) notwithstanding such default, pay to KCA any fee to which it would otherwise be entitled in connection with such sale.
- (f) Notwithstanding anything to the contrary in this Agreement, either the Company or KCA may, upon written notice to the other party, suspend the offering of Units during any period this Agreement is in effect (a “Suspension Period”); *provided, however*, that such suspension shall not affect or impair the parties respective obligations with respect to the Units sold hereunder prior to the giving of such notice.

2. No Purchases as Principal. Neither the Company nor KCA shall enter into, or have any obligation to enter into, any transaction in which KCA would be obligated to purchase Units as a principal pursuant to this Agreement.

3. Transaction Notices and Sales Process.

- (a) The Company may, from time to time during the Term, propose to KCA that they enter into a Transaction to be executed on a specified Exchange Business Day. If KCA agrees to the terms of such proposed Transaction or if the Company and KCA agree to modified terms for such proposed Transaction, then KCA shall promptly send to the Company a notice, substantially in the form of Exhibit A hereto (each, a “Transaction Notice”), confirming the agreed terms of such proposed Transaction. If the Company wishes such proposed Transaction to become a binding agreement between it and KCA, the Company shall promptly indicate its acceptance thereof by countersigning and returning such Transaction Notice to KCA or sending a written notice to KCA (by any means permissible under Section 12 hereof) indicating its acceptance. The terms reflected in a Transaction Notice shall become binding on KCA and the Company only if accepted by the Company no later than the times specified in Section 3(b) hereof. Each Transaction Notice shall specify, among other things:
  - (i) the Exchange Business Day on which the Units subject to such Transaction are intended to be sold (the “Purchase Date”);

- (ii) the number of Units that the Company intends to sell (the “Specified Number of Units”) on such Purchase Date, which shall be no less than 5% and no more than 25% of the average daily trading volume (as defined by Rule 100 of Regulation M under the Exchange Act, the “ADTV”) in the Common Units on the Exchange for 30 Exchange Business Days preceding the date of delivery of the Transaction Notice, or as otherwise agreed between the Company and KCA and set forth in the Transaction Notice; and
- (iii) the lowest price (if any) at which the Company shall be obligated to sell Units in such Transaction (a “Floor Price”).

A Transaction Notice shall not set forth a Specified Number of Units that, when added to the aggregate number of Units previously purchased and to be purchased pursuant to pending Transaction Notices (if any) hereunder, results in a total that exceeds the Maximum Number of Units. The Company shall have responsibility for maintaining records with respect to the aggregate dollar amount of Units sold, or for otherwise monitoring the availability of Units for sale under the Registration Statement. There shall be no more than one Transaction Notice and one related Transaction with respect to any Purchase Date. A Transaction Notice conforming to the foregoing requirements, once accepted by the Company, shall be irrevocable, and (i) the Company shall be obligated, subject to the terms of, and satisfaction of the conditions set forth in, this Agreement and such Transaction Notice, including, but not limited to, Section 3(c) hereof, to sell the Specified Number of Units and (ii) KCA shall be obligated, subject to the terms of, and satisfaction of the conditions set forth in, this Agreement and such Transaction Notice, including, but not limited to, Sections 1(c), (d) and (e) and Section 3(e) hereof, to use its commercially reasonable efforts to solicit offers for the Units. Notwithstanding the foregoing, if the terms of any Transaction contemplate that Units shall be sold on more than one Purchase Date, then the Company and KCA shall agree to such additional terms and conditions as they deem necessary in respect of such multiple Purchase Dates, and such additional terms and conditions shall be set forth in the relevant Transaction Notice and be binding to the same extent as any other terms contained therein.

- (b) The Purchase Date in respect of the Units deliverable pursuant to any Transaction Notice shall be the Exchange Business Day next following the date on which such Transaction Notice is accepted if such acceptance occurs by 4:30 p.m. (New York time) on such acceptance date; provided that if a Transaction Notice is accepted prior to 8:30 a.m. (New York time) on an Exchange Business Day (or by such later time as KCA may agree in its sole discretion), the Purchase Date in respect of such Units shall be such date of acceptance. KCA’s commission for Transactions shall be 1.25% of the actual sales price of the Units (the “Gross Sale Price”) and the difference between the Gross Sales Price and the commission payable to KCA is defined herein as the “Net Sales Price”).
- (c) If Units are to be sold in a Transaction that is an At-the-Market Offering, KCA will confirm in writing to the Company the number of Units sold on any Exchange Business Day and the related Gross Sales Price and Net Sales Price no later than the opening of trading on the immediately following Exchange Business Day.
- (d) Payment of the Net Sales Price for Units sold by the Company on any Purchase Date pursuant to a Transaction Notice shall be made to the Company by federal funds wire transfer to:

Bank:	<u>Citibank</u>
ABA #:	<u>113193532</u>
Account name:	<u>Vanguard Natural Resources</u>
Account #:	<u>9770846948</u>

against delivery of such Units to the accounts specified in writing by KCA. Such payment and delivery shall be made at or about 10:00 a.m., local time in New York, New York, on the third Exchange Business Day (or such other day as may, from time to time, become standard industry practice for settlement of such a securities issuance) following each Purchase Date (the “Closing Date”). If the Company fails for any reason to make timely delivery of such Units after receiving payment therefor, the Company shall indemnify KCA and its successors and assigns and hold them harmless from and against any loss, damage, expense, liability or claim that KCA may incur as a result of such failure.

- (e) If, as provided in the related Transaction Notice, a Floor Price has been agreed to by the parties with respect to a Transaction, and KCA thereafter determines and notifies the Company that the Gross Sales Price for such Transaction would not be at least equal to such Floor Price, then the Company shall not be obligated to issue and sell to or through KCA, and KCA shall not be obligated to purchase or place, the Specified Number of Units for such Transaction, except that KCA may, at its option, elect to have the Gross Sales Price for such Transaction equal such Floor Price in which case the parties shall be obligated to consummate such Transaction on that basis.
- (f) If either party has reason to believe that the exemptive provisions set forth in Rule 101(c)(1) of Regulation M under the Exchange Act are not satisfied with respect to the Units, it shall promptly notify the other party and sales of the Units under this Agreement and any Transaction Notice shall be suspended until that or another exemptive provision shall have been satisfied in the judgment of each party. KCA and the Company shall each calculate on a weekly basis the ADTV of the Common Units.

4. Representations and Warranties of the Company. The Company represents and warrants to KCA, on and as of (i) the date hereof, (ii) each date on which the Company accepts a Transaction Notice (a “Time of Acceptance”), (iii) each Purchase Date or Time of Sale (as defined below (if different) and (iv) each Closing Date, each such date listed in (i) through (iv), a “Representation Date”) that:

- (a) (i) The Registration Statement complied when it became effective, complies as of the date hereof and, as amended or supplemented,

at the time of purchase, each additional time of purchase, if any, and at all times during which a prospectus is required by the Act to be delivered (whether physically or through compliance with Rule 172 under the Act or any similar rule) in connection with any sale of Units, will comply, in all material respects, with the requirements of the Act; the conditions to the use of Form S-3 in connection with the offering and sale of the Units as contemplated hereby have been satisfied ; (ii) the Registration Statement meets, and the offering and sale of the Units as contemplated hereby complies with, the requirements of Rule 415 under the Act (including, without limitation and if relevant, Rule 415(a)(5)); (iii) the Prospectus complied or will comply, at the time it was or will be filed with the Commission, complies as of the date hereof (if filed with the Commission on or prior to the date hereof) and, at the time of purchase, each additional time of purchase, if any, and at all times during which a prospectus is required by the Act to be delivered (whether physically or through compliance with Rule 172 under the Act or any similar rule) in connection with any sale of Units, will comply, in all material respects, with the requirements of the Act; (iv) the Registration Statement did not, as of the time of its effectiveness, 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; (v) at the time it was filed and, at the time of purchase, each additional time of purchase, if any, and at all times during which a prospectus is required by the Act to be delivered (whether physically or through compliance with Rule 172 under the Act or any similar rule) in connection with any sale of Units did or will any Basic Prospectus, as then amended or supplemented, include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, and at no time during such periods did or will any Basic Prospectus, as then amended or supplemented, together with any combination of one or more of the then issued Permitted Free Writing Prospectuses, if any, include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; (v) each of the Prospectus Supplement and the Prospectus will comply, as of the date that it is filed with the Commission, the date of the Prospectus Supplement, the time of purchase, each additional time of purchase, if any, and at all times during which a prospectus is required by the Act to be delivered (whether physically or through compliance with Rule 172 under the Act or any similar rule) in connection with any sale of Units, in all material respects, with the requirements of the Act (in the case of the Prospectus, including, without limitation, Section 10(a) of the Act); (vi) as of the date that it is filed with the Commission, the date of the Permitted Free Writing Prospectus, the time of purchase, each additional time of purchase, if any, and at all times during which a prospectus is required by the Act to be delivered (whether physically or through compliance with Rule 172 under the Act or any similar rule) in connection with any sale of Units did or will any Prospectus Supplement or the Prospectus, as then amended or supplemented, include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; (vii) as of the date that it is filed with the Commission, the date of the Permitted Free Writing Prospectus, the time of purchase, each additional time of purchase, if any, and at all times during which a prospectus is required by the Act to be delivered (whether physically or through compliance with Rule 172 under the Act or any similar rule) in connection with any sale of Units did or will any Permitted Free Writing Prospectus include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided, however, that the Company makes no representation or warranty with respect to any statement contained in the Registration Statement, the Prospectus or any Permitted Free Writing Prospectus in reliance upon and in conformity with information concerning KCA and furnished in writing by or on behalf of KCA expressly for use in the Registration Statement, the Prospectus or such Permitted Free Writing Prospectus; and (viii) each Incorporated Document, at the time such document was filed with the Commission or at the time such document became effective, as applicable, complied, in all material respects, with the requirements of the Exchange Act and did not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; and (ix) in the past 12 calendar months, the Company has filed all documents required to be filed by it prior to the date hereof with the Commission pursuant to the reporting requirements of the Exchange Act. "Time of Sale" means, with respect to each offering of Units pursuant to a Transaction Notice, the time after the Time of Acceptance as to such Units and immediately prior to KCA's initial entry into contracts with investors for the sale of such Units.

- (b) Prior to the execution of this Agreement, the Company has not, directly or indirectly, offered or sold any Units by means of any "prospectus" (within the meaning of the Act) or used any "prospectus" (within the meaning of the Act) in connection with the offer or sale of the Units, in each case other than the Basic Prospectus and the Permitted Free Writing Prospectuses, if any; the Company has not, directly or indirectly, prepared, used or referred to any Permitted Free Writing Prospectus except in compliance with Rules 164 and 433 under the Act; assuming that such Permitted Free Writing Prospectus is so sent or given after the Registration Statement was filed with the Commission (and after such Permitted Free Writing Prospectus was, if required pursuant to Rule 433(d) under the Act, filed with the Commission), the sending or giving, by KCA, of any Permitted Free Writing Prospectus will satisfy the provisions of Rule 164 or Rule 433 (without reliance on subsections (b), (c) and (d) of Rule 164); the conditions set forth in one or more of subclauses (i) through (iv), inclusive, of Rule 433(b)(1) under the Act are satisfied, and the registration statement relating to the offering of the Units contemplated hereby, as initially filed with the Commission, includes a prospectus that, other than by reason of Rule 433 or Rule 431 under the Act, satisfies the requirements of Section 10 of the Act; neither the Company nor KCA is disqualified, by reason of subsection (f) or (g) of Rule 164 under the Act, from using, in connection with the offer and sale of the Units, "free writing prospectuses" (as defined in Rule 405 under the Act) pursuant to Rules 164 and 433 under the Act; the Company is not an "ineligible issuer" (as defined in Rule 405 under the Act) as of the eligibility determination date for purposes of Rules 164 and 433 under the Act with respect to the offering of the Units contemplated by the Registration Statement; the parties hereto agree and understand that the content of any and all "road shows" (as defined in Rule 433 under the Act) related to the offering of the Units contemplated hereby is solely the property of the Company.
- (c) All of the information provided to KCA or to counsel for KCA by the Company, its officers and directors in connection with letters, filings or other supplemental information, if any, provided to the Financial Industry Regulatory Authority, Inc. ("FINRA") pursuant to FINRA Rule 5110 is or will be true, correct and complete.

- (d) The documents incorporated by reference in the Registration Statement, the Prospectus or any Permitted Free Writing Prospectus, when they became effective or were filed with the Commission, as the case may be, conformed in all material respects to the requirements of the Act or the Exchange Act, as applicable, and none of such documents contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and any further documents so filed and incorporated by reference in the Registration Statement, the Prospectus or any Permitted Free Writing Prospectus, when such documents become effective or are filed with the Commission, as the case may be, will conform in all material respects to the requirements of the Act or the Exchange Act, as applicable, and will not contain any 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, in the light of the circumstances under which they were made, not misleading.
- (e) Each of the Vanguard Parties has been duly formed or incorporated, as applicable, and is validly existing and in good standing as a limited liability company or corporation, as the case may be, under the laws of the state of its formation, with full limited liability company or corporate, as the case may be, power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus and to enter into and perform its obligations under this Agreement and the Operative Agreements, as the case may be, and is duly registered or qualified to do business as a foreign limited liability company or corporation, as the case may be, and is in good standing under the laws of each jurisdiction that requires such registration or qualification, all of such jurisdictions being listed on Schedule I hereto, except where the failure to so register or qualify could not reasonably be expected to (i) have a material adverse effect on the condition (financial or otherwise), earnings, business, properties, operations or prospects of the Vanguard Parties, taken as a whole, whether or not arising from transactions in the ordinary course of business (a "Material Adverse Effect"), or (ii) subject the members of the Company to any material liability or disability.
- (f) As of August 31, 2011, the Company had 29,836,019 Common Units (not including the Units) and 420,000 Class B Units issued and outstanding. All of such Common Units and Class B Units have been duly authorized and validly issued in accordance with the Second Amended and Restated Limited Liability Company Agreement of the Company (the "Company LLC Agreement") and are fully paid (to the extent required in the Company LLC Agreement) and nonassessable (except as such nonassessability may be affected by Sections 18-607 and 18-804 of the Delaware Limited Liability Company Act (the "Delaware LLC Act")). Such Common Units and Class B Units conform in all material respects to the descriptions thereof contained in the Prospectus.
- (g) The Units to be issued and sold by the Company pursuant to this Agreement have been duly authorized in accordance with the Company LLC Agreement and, when issued and delivered to and paid for in accordance with this Agreement and the Company LLC Agreement, will be validly issued in accordance with the Company LLC Agreement, fully paid (to the extent required in the Company LLC Agreement) and nonassessable (except as such nonassessability may be affected by Sections 18-607 and 18-804 of the Delaware LLC Act); and the Units, when issued and delivered against payment therefor in accordance with this Agreement and the Company LLC Agreement, will conform in all material respects to the descriptions thereof contained in the Prospectus. The Units have been listed on the Exchange.
- (h) The Company directly owns 100% of the limited liability company interests in VNG; such limited liability company interests have been duly authorized and validly issued in accordance with the limited liability company agreement of VNG (the "VNG LLC Agreement") and are fully paid (to the extent required in the VNG LLC Agreement) and nonassessable (except as such nonassessability may be affected by Kentucky Revised Statutes Section 275.230); and the Company directly owns such limited liability company interests free and clear of any perfected security interest or any other security interests, claims, liens or encumbrances (collectively, "Liens"), other than those permitted or arising under (i) the Second Amended and Restated Credit Agreement, dated August 31, 2009, as amended on October 14, 2009, June 1, 2010, November 16, 2010, and December 31, 2010, by and among VNG, Citibank, N.A and the lenders party thereto (including all current and subsequent amendments thereto, the "Credit Agreement"), (ii) Term Loan, dated November 16, 2010, as amended on December 31, 2010, by and between Vanguard Natural Gas, LLC and BNP Paribas, as administrative agent, and the lenders party thereto (including all current and subsequent amendments thereto, the "Term Loan") and restrictions on transferability contained in the VNG LLC Agreement.
- (i) The Company directly owns 100% of the outstanding capital stock of VNR Finance; all such capital stock has been duly authorized and validly issued and are fully paid and non-assessable; and the Company directly owns all such capital stock, free and clear of any Liens, other than those permitted or arising under the Credit Agreement and the Term Loan.
- (j) The Company or VNG, as the case may be, directly owns 100% of the limited liability company interests in the Operating Subsidiaries; such limited liability company interests have been duly authorized and validly issued in accordance with the limited liability company agreement of the applicable Operating Subsidiary (each such limited liability company agreement, an "Operating Subsidiary LLC Agreement") and are fully paid (to the extent required in the applicable Operating Subsidiary LLC Agreement) and nonassessable (except as such nonassessability may be affected by Section 18-607 of the Delaware LLC Act, Kentucky Revised Statutes Section 275.230 and Tennessee Code Section 48-237-101, as applicable); and the Company or VNG, as the case may be, directly owns such limited liability company interests free and clear of any Liens, other than those permitted or arising under the Credit Agreement and the Term Loan and restrictions on transferability contained in the applicable Operating Subsidiary LLC Agreement.
- (k) Other than the Company's ownership of 100% of the limited liability company interests in VNG and VNR Holdings and 100% of the common stock of VNR Finance, and VNG's ownership of 100% of the limited liability company interests in the Operating

Subsidiaries other than VNR Holdings and the other subsidiaries identified on Schedule I hereto, none of the Vanguard Parties owns directly or indirectly any equity or long-term debt securities of any corporation, partnership, limited liability company, joint venture, association or other entity.

- (l) Except as described in the Prospectus, there are no preemptive rights or other rights to subscribe for or to purchase, nor any restriction upon the voting or transfer of, any equity securities of the Company or the Operating Subsidiaries; (ii) except as described in the Prospectus, no options, warrants or other rights to purchase, agreements or other obligations to issue, or rights to convert any obligations into or exchange any securities for equity or other ownership interests in the Vanguard Parties are outstanding; and (iii) as described in the Prospectus, neither the filing of the Registration Statement nor the public offering or sale of the Units as contemplated by this Agreement gives rise to any rights for or relating to the registration of any Common Units or other securities of the Vanguard Parties, except for those rights set forth in Article 5 of the Company LLC Agreement, which rights have been waived in full in respect of this offering of the Units.
- (m) The Company has all requisite power and authority to execute and deliver this Agreement and perform its obligations hereunder. The Company has all requisite limited liability company power and authority to issue, sell and deliver the Units, in accordance with and upon the terms and conditions set forth in this Agreement and the Company LLC Agreement. All limited liability company or corporate, as the case may be, action required to be taken by the Vanguard Parties or any of their members or stockholders for (i) the authorization, issuance, sale and delivery of the Units, and (ii) the consummation of the transactions contemplated by this Agreement and the Operative Agreements, has been validly taken. This Agreement has been duly authorized and validly executed and delivered by the Company and is enforceable against the Company in accordance with its terms; *provided* that such enforceability may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws relating to or affecting creditors' rights generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), and that the indemnity, contribution and exoneration provisions contained in this Agreement may be limited by applicable laws and public policy.
- (n) The Operative Agreements have been duly authorized and validly executed and delivered by the applicable Vanguard Party party thereto, and each Operative Agreement is a valid and legally binding agreement of the applicable Vanguard Party party thereto, enforceable against each such party in accordance with its terms; *provided* that with respect to each agreement described in this Section 4(k), the enforceability thereof may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws relating to or affecting creditors' rights generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), and that the indemnity, contribution and exoneration provisions contained in any of such agreements may be limited by applicable laws and public policy.
- (o) Except as otherwise disclosed in the Prospectus, subsequent to the respective dates as of which information is given in the Prospectus, (i) there has been no material loss or interference with the business or properties of the Vanguard Parties from fire, explosion, flood or other accident or calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order, investigation or decree; (ii) there has been no adverse change, or any developments that, individually or in the aggregate, could reasonably be expected to result in a material adverse change, in the general affairs, condition (financial or otherwise), management, earnings, business, properties, operations or prospects of the Vanguard Parties, taken as a whole, whether or not arising from transactions in the ordinary course of business; (iii) none of the Vanguard Parties has incurred any material liability or obligation, direct, indirect or contingent, or entered into any material transaction or agreement; and (iv) there has been no material change in the consolidated capitalization of the Vanguard Parties, taken as a whole.
- (p) There is no franchise, contract or other document of a character required to be described in the Registration Statement or the Prospectus, or to be filed as an exhibit to the Registration Statement, that is not described or filed as required by the Act; and the statements in the Prospectus under the headings "The Offering," "Description of Our Debt Securities," "Description of Our Common Units," "Cash Distribution Policy," "Description of Our Limited Liability Company Agreement," "Material Tax Considerations," "Material Tax Consequences" and "Plan of Distribution" (in both the Basic Prospectus and the Prospectus Supplement) insofar as such statements summarize legal matters, agreements, documents or proceedings discussed therein, are and will be accurate and fair summaries in all material respects of such legal matters, agreements, documents or proceedings, except that no representation or warranty is given herein as to the information specifically identified in Section 11(b) hereof as information furnished by KCA.
- (q) None of the Vanguard Parties is or, after giving effect to the offering and sale of the Units and the application of the proceeds thereof as described in the Prospectus, will be an "investment company" as defined in the Investment Company Act of 1940, as amended.
- (r) Except such as have been obtained or made by the Company under the Act, the Exchange Act and applicable state securities laws, no consent, approval, authorization or order of or filing with any court or governmental agency or body is required by any Vanguard Party for the execution, delivery and performance by the Company of this Agreement or the consummation of the transactions contemplated herein and in the Prospectus.
- (s) None of the offering, issuance or sale of the Units, the application of the proceeds therefrom as described under the caption "Use of Proceeds" in the Prospectus, the execution, delivery or performance of this Agreement by the Company or the consummation of any of the transactions contemplated herein or therein, conflicts or will conflict with, or results or will result in a breach or violation of, a default under (or an event that, with notice or lapse of time or both would constitute such an event), or the imposition of any lien, charge or encumbrance upon any property or assets of any of the Vanguard Parties pursuant to, (i) the certificate of formation, certificate of incorporation, limited liability company agreement, bylaws or other organizational

documents of any Vanguard Party, including the Operative Agreements, (ii) the terms of any indenture, contract, lease, mortgage, deed of trust, note agreement, loan agreement or other agreement, obligation, condition, covenant or instrument to which any Vanguard Party is a party or bound or to which the property of any Vanguard Party is subject, or (iii) any statute, law, rule, regulation, judgment, order or decree, applicable to any Vanguard Party, of any court, regulatory body, administrative agency, governmental body, arbitrator or other authority having jurisdiction over such Vanguard Party or any of its properties, that in the case of clauses (ii) or (iii), would, individually or in the aggregate, have a Material Adverse Effect or prevent or materially interfere with the consummation of the transactions contemplated by this Agreement and the other transactions contemplated by the Registration Statement, the Prospectus, any Permitted Free Writing Prospectus and the Operative Agreements.

- (t) The historical financial statements (including the related notes and supporting schedules) included in or incorporated by reference into the Prospectus and the Registration Statement present fairly in all material respects the financial condition, results of operations and cash flows of the entities purported to be shown thereby on the basis stated therein as of the dates and for the periods indicated, comply as to form in all material respects with the applicable accounting requirements of the Act and have been prepared in conformity with generally accepted accounting principles applied on a consistent basis throughout the periods involved (except as otherwise noted therein). The financial data set forth under the caption “Ratio of Earnings to Fixed Charges” in the Prospectus and Registration Statement fairly present in all material respects, on the basis stated in the Prospectus and the Registration Statement, the information included therein. The pro forma financial information included in or incorporated by reference into the Prospectus and the Registration Statement includes assumptions that provide a reasonable basis for presenting in all material respects the significant effects directly attributable to the transactions and events described therein and the related pro forma adjustments give appropriate effect in all material respects to those assumptions and reflect the proper application of those adjustments to the historical financial statement amounts. The pro forma financial information included in or incorporated by reference into the Prospectus and the Registration Statement complies as to form in all material respects with the applicable accounting requirements of Regulation S-X under the Act. No other financial statements or supporting schedules are required to be included in or incorporated by reference into the Registration Statement other than the statement of combined revenues and direct operating expenses of the oil and gas properties purchased from private sellers for the year ended December 31, 2010 (the “Permian Financial Statement”) relating to the assets acquired by the Company pursuant to the two purchase and sale agreements, dated June 22, 2011, filed on June 23, 2011 with the SEC in a Current Report on Form 8-K (as such report was amended on August 3, 2011, the “Permian Form 8-K”).
- (u) Except as set forth in or contemplated in the Prospectus, no action, suit, proceeding, inquiry or investigation by or before any court or governmental or other regulatory or administrative agency, authority or body or any arbitrator involving any of the Vanguard Parties or their property is pending or, to the best knowledge of the Vanguard Parties, threatened or contemplated that (i) could reasonably be expected to have a material adverse effect on the performance of this Agreement or any of the Operative Agreements or the consummation of any of the transactions contemplated herein or therein; (ii) could reasonably be expected to have a Material Adverse Effect; or (iii) is required to be described in the Prospectus.
- (v) DeGolyer and MacNaughton (“D&M”) are independent petroleum engineers with respect to the Vanguard Parties.
- (w) Except as described in the Prospectus, the oil and natural gas reserve estimates of the Vanguard Parties contained in or incorporated by reference into the Registration Statement and the Prospectus have been prepared by D&M in accordance with the Commission guidelines applied on a consistent basis throughout the periods involved, and none of the Vanguard Parties has any reason to believe that such reserve estimates do not fairly reflect the oil and natural gas reserves of the Vanguard Parties as of the dates indicated in the Registration Statement and the Prospectus.
- (x) The Vanguard Parties have legal, valid and defensible title to the interests in the oil and natural gas properties underlying the estimates of D&M of the Vanguard Parties’ net proved reserves contained in or incorporated by reference into the Registration Statement, the Prospectus and to all other real and personal property reflected in the Registration Statement and the Prospectus as assets owned by them, in each case free and clear of all liens, encumbrances and defects except as (i) are described in the Registration Statement and the Prospectus, (ii) are permitted under the Credit Agreement or (iii) would not result in a Material Adverse Effect; any other real property and buildings held under lease by the Vanguard Parties are held by them under valid, subsisting and enforceable leases with such exceptions as could not reasonably be expected to have a Material Adverse Effect; and the working interests derived from oil, natural gas and mineral leases or mineral interests that constitute a portion of the real property held or leased by the Vanguard Parties reflect in all material respects the right of the Vanguard Parties to explore, develop or produce hydrocarbons as described in the Prospectus from such real property, and the care taken by the Vanguard Parties with respect to acquiring or otherwise procuring such leases or mineral interests was generally consistent with standard industry practices in the areas in which the Vanguard Parties operate for acquiring or procuring leases and interests therein to explore, develop or produce hydrocarbons. Each of the Vanguard Parties owns or leases all such properties as are necessary to the conduct of its operations as presently conducted.
- (y) None of the Vanguard Parties is in violation, breach or default (or, with the giving of notice or lapse of time, would be in violation, breach or default) of (i) any provision of its certificate of formation, certificate of incorporation, limited liability company agreement, bylaws or other organizational documents, including the Operative Agreements, (ii) the terms of any indenture, contract, lease, mortgage, deed of trust, note agreement, loan agreement or other agreement, obligation, condition, covenant or instrument to which it is a party or bound or to which its property is subject or (iii) any statute, law, rule, regulation, judgment, order or decree of any court, governmental, regulatory or administrative authority, agency or body, arbitrator or other authority having jurisdiction over the any of the Vanguard Parties or any of their properties, as applicable, which breach, default or violation, in the case of clauses (ii) and (iii) above, would, individually or in the aggregate, have a Material Adverse Effect or prevent or materially interfere with the consummation of the transactions contemplated by this Agreement and the other

transactions contemplated by the Registration Statement, the Prospectus, any Permitted Free Writing Prospectus and the Operative Agreements. To the knowledge of the Vanguard Parties, no third party to (i) any indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which any of the Vanguard Parties is a party or by which any of them is bound or to which any of their properties is subject or (ii) the Operative Agreements is in default under any such agreement, which default would have a Material Adverse Effect; and no party to any such agreement has asserted that any of the Vanguard Parties as a party thereto is in such default under any such agreement.

- (z) (1) BDO USA, LLP, which has certified certain financial statements (including the related notes and supporting schedules) of the Company filed with the Commission as part of the Registration Statement and included in or incorporated by reference into the Prospectus and delivered their reports related thereto, are independent registered public accounting firms with respect to Encore within the meaning of the Act and the applicable published rules and regulations thereunder and were such during the periods covered by the financial statements on which they reported.
- (2) To the knowledge of the Company, Ernst & Young LLP, which has certified certain financial statements (including the related notes and supporting schedules) of Encore filed with the Commission as part of the Registration Statement and included in or incorporated by reference into the Prospectus and delivered their reports related thereto, are independent registered public accounting firms with respect to the Vanguard Parties within the meaning of the Act and the applicable published rules and regulations thereunder and were such during the periods covered by the financial statements on which they reported.
- (aa) There are no transfer taxes or other similar fees or charges under federal law or the laws of any state, or any political subdivision thereof, required to be paid in connection with the execution and delivery by the Vanguard Parties of this Agreement or the issuance or sale by the Company of the Units.
- (bb) Each of the Vanguard Parties has filed in a timely manner all federal, state and local tax returns that are required to be filed or has requested extensions thereof, which returns or extension requests are correct and complete in all material respects, and has paid in a timely manner all taxes required to be paid by it and any other assessment, fine or penalty levied against it, to the extent that any of the foregoing is due and payable, except (i) for any such tax, assessment, fine or penalty that is currently being contested in good faith and for which adequate reserves have been established in accordance with generally accepted accounting principles or (ii) where the failure to pay would not have a Material Adverse Effect.
- (cc) No labor problem or dispute with the employees of any of the Vanguard Parties exists or is threatened or imminent, and the Vanguard Parties are not aware of any existing, threatened or imminent labor disturbance by the employees of any of the Vanguard Parties' principal suppliers, contractors or customers that could have a Material Adverse Effect.
- (dd) The Vanguard Parties maintain insurance covering their respective properties, operations, personnel and businesses as each of the Vanguard Parties reasonably deems adequate; such insurance insures against losses and risks to an extent that is adequate in accordance with customary industry practice to protect the Vanguard Parties and their respective businesses; all such insurance is fully in force; and none of the Vanguard Parties has reason to believe that it will not be able to renew any such insurance as and when such insurance expires.
- (ee) None of VNG, VNR Finance or any of the Operating Subsidiaries is currently prohibited, directly or indirectly, from paying any dividends to the Company, from making any other distribution of cash on its equity interests, from repaying to the Company any loans or advances to VNG, VNR Finance or such Operating Subsidiary from the Company, except in each case as described in or contemplated by the Prospectus.
- (ff) The Vanguard Parties possess all such valid and current licenses, certificates, permits and other authorizations issued by the appropriate, federal, state or local regulatory authorities as are necessary to own or lease their respective properties and to conduct their respective businesses, except for such licenses, certificates, permits and other authorizations that, if not obtained, would not have a Material Adverse Effect; and none of the Vanguard Parties has received any notice of proceedings relating to the revocation or modification of, or noncompliance with, any such license, certificate, permit or authorization that, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a Material Adverse Effect.
- (gg) The Vanguard Parties maintain a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The Vanguard Parties' internal controls over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) are effective and the Vanguard Parties are not aware of any material weakness in the internal controls over financial reporting.
- (hh) The Vanguard Parties maintain "disclosure controls and procedures" (to the extent required by and as defined in Rule 13a-15 under the Exchange Act) and such disclosure controls and procedures are effective.
- (ii) The Vanguard Parties have not taken and will not take, directly or indirectly, any action that would constitute, or that is designed to or might reasonably be expected to cause or result in, under the Exchange Act or otherwise, the stabilization or manipulation of

the price of any security of the Company to facilitate the sale or resale of the Units.

- (jj) Except as otherwise disclosed in the Prospectus, (i) and except as would not, individually or in the aggregate, have a Material Adverse Effect, none of the Vanguard Parties is in violation of any federal, state or local law, regulation, order, permit or other legally enforceable requirement relating to pollution or protection of human health (to the extent relating to exposure to Materials of Environmental Concern) or the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to emissions, discharges, releases or threatened releases of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum and petroleum products (collectively, “Materials of Environmental Concern”), or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Materials of Environmental Concern (collectively, “Environmental Laws”), which violation includes, but is not limited to, noncompliance with any permits or other governmental authorizations required for the operation of the business of any of the Vanguard Parties under applicable Environmental Laws as those respective businesses are currently being operated, nor has any of the Vanguard Parties received any written communication, whether from a governmental authority, citizens group or employee, that alleges that any of the Vanguard Parties is in violation of any Environmental Law; (ii) there is no claim, action or cause of action filed with a court or governmental authority for which any of the Vanguard Parties has received written notice, and no investigation by a governmental authority with respect to which any of the Vanguard Parties has received written notice, in either case alleging potential liability for investigatory costs, cleanup costs, governmental responses costs, natural resources damages, property damages, personal injuries, attorneys’ fees or penalties arising out of, based on or resulting from the presence, or release into the environment, of any Material of Environmental Concern at any location owned, leased or operated by any of the Vanguard Parties (collectively, “Environmental Claims”), currently pending against any of the Vanguard Parties or any person or entity whose liability for any Environmental Claim any of the Vanguard Parties has retained or assumed either contractually or by operation of law, and the Vanguard Parties have received no written notice from any person or entity making an Environmental Claim; (iii) and, except as would not, individually or in the aggregate, have a Material Adverse Effect, to the knowledge of the Vanguard Parties, there are no past or present circumstances, conditions or events, including, without limitation, the release, emission, discharge, presence or disposal of any Material of Environmental Concern, that would reasonably be expected to result in a violation of any Environmental Law, require capital expenditures to be incurred pursuant to Environmental Law, or form the basis of a potential Environmental Claim against the Company or any of the Operating Subsidiaries or against any person or entity whose liability for any Environmental Claim any of the Vanguard Parties has retained or assumed either contractually or by operation of law and such liability remains in existence; and (iv) none of the Vanguard Parties is subject to any pending or, to the knowledge of the Vanguard Parties, threatened proceeding under Environmental Law (but only to the extent that such Environmental Law regulates discharges into the environment or has been enacted or adopted primarily for the purpose of protecting the environment) to which a governmental authority is a party and which has the potential to result in monetary sanctions of \$100,000 or more.
- (kk) In the ordinary course of business, the Company periodically reviews the effect of Environmental Laws on the business, operations and properties of the Vanguard Parties, in the course of which it identifies and evaluates associated costs and liabilities (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws, or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third parties). On the basis of such review, the Company has reasonably concluded that such associated costs and liabilities would not, singly or in the aggregate, have a Material Adverse Effect.
- (ll) The minimum funding standard under Section 302 of the Employee Retirement Income Security Act of 1974, as amended, and the regulations and published interpretations thereunder (“ERISA”), has been satisfied by each “pension plan” (as defined in Section 3(2) of ERISA) which has been established or maintained by any of the Vanguard Parties and is subject to Section 302 of ERISA, and the trust forming part of each such plan which is intended to be qualified under Section 401 of the Code is so qualified; each of the Vanguard Parties has fulfilled its obligations, if any, under Section 515 of ERISA; none of the Vanguard Parties maintains or is required to contribute to a “welfare plan” (as defined in Section 3(1) of ERISA) which provides retiree or other post-employment welfare benefits or insurance coverage (other than “continuation coverage” (as defined in Section 602 of ERISA)); each pension plan and welfare plan established or maintained by any of the Vanguard Parties is in compliance in all material respects with the currently applicable provisions of ERISA; and none of the Vanguard Parties has incurred or could reasonably be expected to incur any withdrawal liability under Section 4201 of ERISA, any liability under Section 4062, 4063, or 4064 of ERISA, or any other liability under Title IV of ERISA.
- (mm) Any statistical and market-related data included in the Prospectus is based on or derived from sources the Vanguard Parties believe to be reliable and accurate, and the Vanguard Parties have obtained the written consent to the use of such data from such sources to the extent required.
- (nn) There are no relationships or related party transactions involving the Vanguard Parties or any other person required to be described in the Prospectus that have not been described as required.
- (oo) There are no outstanding loans, advances (except normal advances for business expenses in the ordinary course of business) or guarantees of indebtedness by any of the Vanguard Parties to or for the benefit of any of the officers, directors or managers of any of the Vanguard Parties or any affiliate thereof, except as disclosed in the Prospectus.
- (pp) The Company has taken all necessary actions to ensure that the Vanguard Parties and their respective officers, directors and managers, in their capacities as such, are and will be in compliance in all material respects with the applicable provisions of the Sarbanes-Oxley Act of 2002 and the rules and regulations of the Commission and the Exchange that are effective and applicable to the Vanguard Parties.

- (qq) None of the Vanguard Parties, the managers, directors, officers and employees of the Vanguard Parties or, to the knowledge of the Vanguard Parties, any agent or other person associated with or acting on behalf of the any of the Vanguard Parties is aware of, or has taken any action, directly or indirectly, that would result in, a violation by such persons of the Foreign Corrupt Practices Act of 1977 and the rules and regulations thereunder (collectively, the “FCPA”), including, without limitation, making use of the mails or any means or instrumentality of interstate commerce corruptly in furtherance of an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value, to any “foreign official” (as such term is defined in the FCPA) or any foreign political party or official thereof or any candidate for foreign political office, in contravention of the FCPA, and the Vanguard Parties and, to the knowledge of the Vanguard Parties, their affiliates have conducted their businesses in compliance with the FCPA and have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith.
- (rr) The operations of the Vanguard Parties are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the money laundering statutes of all applicable jurisdictions, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the “Money Laundering Laws”) and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving any of the Vanguard Parties with respect to the Money Laundering Laws is pending or threatened.
- (ss) None of the Vanguard Parties nor, to the knowledge of the Vanguard Parties, any director, manager, officer, agent, employee or affiliate of any of the Vanguard Parties is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department (“OFAC”); and the Vanguard Parties will not directly or indirectly use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity, for the purpose of financing the activities of any person known by any Vanguard Party to be currently subject to any U.S. sanctions administered by OFAC.
- (tt) VNG, Permian, AE, TEC and Encore GP are the only significant subsidiaries of the Company as defined by Rule 1-02 of Regulation S-X.
- (uu) None of the Vanguard Parties has distributed any offering material in connection with the offering and sale of the Units other than the Prospectus, any Permitted Free Writing Prospectus reviewed and consented to by KCA in accordance with Section 5 hereof and the Registration Statement.
- (vv) Except as described in the Prospectus, there are no agreements or understandings between any of the Vanguard Parties and any person that would give rise to a valid claim against any of the Vanguard Parties or KCA for a brokerage commission, finder’s fee or other like payments in connection with any transactions contemplated by this Agreement.

Any certificate signed by any officer of the Company and delivered to KCA or counsel for KCA in connection with the offering of the Units shall be deemed a representation and warranty by the Company, as to matters covered thereby, to KCA.

5. Certain Covenants of the Company. The Company hereby agrees with KCA:

- (a) Before using or filing any Permitted Free Writing Prospectus and before amending or supplementing the Registration Statement or the Prospectus (in each case other than due to the filing of an Incorporated Document), or during any period of time in which a Prospectus relating to the Units is required to be delivered under the Act, to furnish to KCA a copy of each such proposed Permitted Free Writing Prospectus, amendment or supplement within a reasonable period of time before filing any such Permitted Free Writing Prospectus, amendment or supplement with the Commission, and to not use, or file any such Permitted Free Writing Prospectus or file any such proposed amendment or supplement to which KCA reasonably objects, unless the Company’s legal counsel has advised the Company that filing such document is required by law.
- (b) To prepare the Prospectus Supplement and to file such Prospectus Supplement pursuant to, and within the time periods required by, Rule 424(b) and Rules 430B or 430C under the Act and to file any Permitted Free Writing Prospectus to the extent required by Rule 433 under the Act and to provide copies of the Prospectus and such Prospectus Supplement and each Permitted Free Writing Prospectus (to the extent not previously delivered or filed and available on EDGAR) to KCA via e-mail in “.pdf” format on such filing date to an e-mail account designated by KCA and, at KCA’s reasonable request, to also furnish copies of the Prospectus and such Prospectus Supplement to the Exchange as may be required by the rules or regulations of the Exchange.
- (c) To file promptly all reports, including an amendment to the Permian Form 8-K to include the Permian Financial Statement, and any definitive proxy or information statements required to be filed by the Company with the Commission pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act for so long as the delivery of a prospectus is required (whether physically or through compliance with Rule 172 under the Act or any similar rule) in connection with the offering or sale of the Units, and during such same period to advise KCA, promptly after the Company receives notice thereof, of: (i) the time when any amendment to the Registration Statement has been filed or has become effective or any supplement to the Prospectus or any Permitted Free Writing Prospectus or any amended Prospectus has been filed with the Commission, (ii) the issuance by the Commission of any stop order or of any order preventing or suspending the use of any prospectus relating to the Units or the initiation or threatening of any proceeding for that purpose or pursuant to Section 8A of the Act, (iii) the suspension of the qualification of the Units for offering or sale in any jurisdiction, of the initiation or threatening of any proceeding for any such purpose, (iv) any request by the

Commission for the amendment of the Registration Statement or the amendment or supplementation of the Prospectus or for additional information; and (v) the occurrence of any event as a result of which the Prospectus or any Permitted Free Writing Prospectus as then amended or supplemented would include any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in the light of the circumstances existing when the Basic Prospectus, the Prospectus or any such Permitted Free Writing Prospectus is delivered to a purchaser, not misleading.

- (d) In the event of the issuance of any such stop order or of any such order preventing or suspending the use of the Prospectus or suspending any such qualification referred to above, to use promptly its commercially reasonable efforts to obtain its withdrawal.
- (e) To furnish such information as may be required and otherwise to cooperate in qualifying the Units for offering and sale under the securities or blue sky laws of such states as KCA may reasonably designate and to maintain such qualifications in effect so long as required for the distribution of the Units; *provided* that the Company shall not be required to qualify as a foreign corporation, become a dealer of securities, or become subject to taxation in, or to consent to the service of process under the laws of, any such state (except service of process with respect to the offering and sale of the Units); and to promptly advise KCA of the receipt by the Company of any notification with respect to the suspension of the qualification of the Units for sale in any jurisdiction or the initiation of any proceeding for such purpose.
- (f) To make available to KCA at its offices in New York, New York (or as designated by KCA), without charge, as soon as practicable after the date of this Agreement, and thereafter from time to time to furnish to KCA, as many copies of the Prospectus (or of the Prospectus as amended or supplemented if the Company shall have made any amendments or supplements thereto and documents incorporated by reference therein after the effective date of the Registration Statement) and each Permitted Free Writing Prospectus as KCA may reasonably request for so long as the delivery of a prospectus is required (whether physically or through compliance with Rule 172 under the Act or any similar rule); and for so long as this Agreement is in effect; and during each such period, the Company will prepare and file promptly, subject to Section 5(a) hereof, such amendment or amendments to the Registration Statement, the Prospectus, the Prospectus Supplement or any Permitted Free Writing Prospectus as may be necessary to comply with the requirements of Section 10(a)(3) of the Act.
- (g) To furnish or make available to KCA during the term of this Agreement and for a period of two years thereafter (i) copies of any reports or other communications which the Company shall send to its stockholders or shall from time to time publish or publicly disseminate and (ii) copies of all annual and current reports filed with the Commission on Forms 10-K and 8-K, or such other similar form as may be designated by the Commission, and to furnish to KCA from time to time during the term of this Agreement such other information as KCA may reasonably request regarding the Company or the other Vanguard Parties in each case as soon as such reports, communications, documents or information becomes available or promptly upon the request of KCA, as applicable; *provided*, that so long as the Company is subject to the reporting requirements of either Section 13 or Section 15(d) of the Exchange Act and is timely filing reports with the Commission on EDGAR, it is not required to furnish such reports or statements to KCA.
- (h) If, at any time during the term of this Agreement, any event shall occur or condition shall exist as a result of which it is necessary in the reasonable opinion of counsel for KCA or counsel for the Company, to further amend or supplement the Prospectus or any Permitted Free Writing Prospectus as then amended or supplemented in order that the Prospectus or any such Permitted Free Writing Prospectus will not include an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein not misleading, in the light of the circumstances existing at the time the Prospectus or any such Permitted Free Writing Prospectus is delivered to a purchaser, or if it shall be necessary, in the reasonable opinion of either such counsel, to amend or supplement the Registration Statement, the Prospectus or any Permitted Free Writing Prospectus in order to comply with the requirements of the Act, immediate notice shall be given, and confirmed in writing, to KCA to cease the solicitation of offers to purchase the Units, and the Company will promptly prepare and file with the Commission such amendment or supplement, whether by filing documents pursuant to the Act, the Exchange Act or otherwise, as may be necessary to correct such untrue statement or omission or to make the Registration Statement, the Prospectus or any such Permitted Free Writing Prospectus comply with such requirements.
- (i) To generally make available to its security holders as soon as practicable, but not later than 90 days after the close of the period covered thereby, an earnings statement (in form complying with the provisions of Section 11(a) of the Act and Rule 158 under the Act) covering each 3-month period, in the case of a quarterly report on Form 10-Q, or 12-month period, in the case of a Form 10-K, beginning, in each case, not later than the first day of the Company's fiscal quarter next following the "effective date" (as defined in such Rule 158) of the Registration Statement with respect to each sale of Units.
- (j) To furnish to KCA one conformed copy of the Registration Statement, as initially filed with the Commission, and of all amendments thereto, including all exhibits thereto and all documents incorporated by reference therein.
- (k) To apply the net proceeds from the sale of the Units in the manner described in the Registration Statement, any Basic Prospectus, the Prospectus or any Permitted Free Writing Prospectus under the caption "Use of Proceeds."
- (l) The Company will not, and will cause the other Vanguard Parties not to, take, directly or indirectly, any action designed to cause or result in, or that constitutes or might reasonably be expected to constitute, the stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Units; *provided* that nothing herein shall prevent the Company from filing or submitting reports under the Exchange Act or the issuance of press releases in the ordinary course of business.
- (m) Except as otherwise agreed between the Company and KCA, to pay all costs, expenses, fees and taxes in connection with (i) the

preparation and filing of the Registration Statement, any Basic Prospectus, the Prospectus, any Permitted Free Writing Prospectus and any amendments or supplements thereto, and the printing and furnishing of copies of each thereof to KCA and to dealers (including costs of mailing and shipment), (ii) the registration, issue and delivery of the Units, (iii) the producing, word processing and/or printing of this Agreement, any powers of attorney and any closing documents (including compilations thereof) and the reproduction and/or printing and furnishing of copies of each thereof to KCA (including costs of mailing and shipment), (iv) the qualification of the Units for offering and sale under state laws and the determination of their eligibility for investment under state law as aforesaid (including the reasonable legal fees and filing fees and other disbursements of counsel for KCA in connection therewith) and the printing and furnishing of copies of any blue sky surveys or legal investment surveys to KCA, (v) the listing of the Units on the Exchange and any registration thereof under the Exchange Act, (vi) any filing for review of the public offering of the Units by FINRA, (vii) the fees and disbursements of counsel to the Company and the fees and disbursements of counsel to KCA (in an amount not to exceed \$80,000 in connection with the negotiation and completion of this Agreement (which shall include all matters required to be completed as conditions precedent to the parties agreeing to and executing the initial Transaction under this Agreement); *provided, however*, that the fees payable to KCA pursuant to Section 3(b) on or prior to August 31, 2012 shall be credited against any payment of these expenses to KCA; (viii) the documented, reasonable fees and disbursements of outside counsel to KCA in connection with each review of the “comfort” letters and other documents referred to in Section 7(b), other than the initial such review, up to a maximum of \$5,000 per review for all such fees and disbursements and further subject to the overall cap of \$80,000 set forth in clause (vii), and (ix) any other costs and expenses of the Company incident to the performance of the Company’s other obligations hereunder.

- (n) With respect to the offering(s) contemplated hereby, that the Company will not offer Common Units or any other securities convertible into or exchangeable or exercisable for Common Units in a manner in violation of the Act; the Company will not distribute any offering material in connection with the offer and sale of the Units, other than the Registration Statement, any Basic Prospectus, the Prospectus or any Permitted Free Writing Prospectus and other materials permitted by the Act or the rules and regulations promulgated thereunder.
- (o) During each period beginning with the date of the Transaction Notice and ending after the close of business on the Purchase Date for the related Transaction, the Company will not (i) offer, pledge, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of, directly or indirectly, any its Common Units or any securities convertible into or exercisable or exchangeable for such units or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of such units, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of units or such other securities, in cash or otherwise, without the prior written consent of KCA, other than the Units to be sold hereunder and any Common Units of the Company issued upon the exercise of options granted under existing employee stock-based compensation plans.
- (p) The Company will, pursuant to reasonable procedures developed in good faith, retain copies of each Permitted Free Writing Prospectus that is not filed with the Commission in accordance with Rule 433 under the Act.
- (q) That it consents to KCA trading in the Common Units for KCA’s own account and for the account of its clients at the same time as sales of the Units occur pursuant to this Agreement.
- (r) To use its best efforts to satisfy, or cause to be satisfied, the conditions set forth in Section 6 hereof on or in respect of each Closing Date hereunder.
- (s) To advise KCA promptly after it shall have received notice or obtain knowledge thereof, of any information or fact that would alter or affect any opinion, certificate, letter or other document provided to KCA pursuant to this Agreement.
- (t) No later than the earlier of the expiration date of the Registration Statement (August 5, 2012) or such time as all Units that may be sold under the Registration Statement have been sold or are expected to have been sold, to file and use its best efforts to cause to be declared effective a new registration statement on Form S-3 with respect to the then remaining aggregate Gross Sales Price of Units that may be sold pursuant to this Agreement; and the Company shall not issue any Transaction Notice unless there is an effective registration statement with respect to the Units to be sold pursuant thereto. From and after the effectiveness of the new registration statement as required by this paragraph, “Registration Statement” as used herein shall include such new registration statement unless the context otherwise requires.

6. First Closing. No later than two Business Days before the first Transaction Notice is expected to be delivered (all documents referred to below being dated the date of delivery thereof):

- (a) the Company shall have delivered to KCA:
  - (i) an officers’ certificate signed by two of its executive officers certifying as to the matters set forth in Exhibit B hereto;
  - (ii) an opinion of Vinson & Elkins L.L.P., counsel to the Company, addressed to KCA, as to the matters set forth in Exhibit C hereto, with only such departures from such form as Morrison & Foerster LLP, counsel for KCA, shall have approved;
  - (iii) an opinion of Wyatt, Tarrant & Combs LLP, counsel to the Company, addressed to KCA, as to the matters set forth in Exhibit D hereto, with only such departures from such form as Morrison & Foerster LLP, counsel to KCA, shall have

approved;

- (iv) a “comfort” letter from BDO USA, LLP, addressed to KCA, in form reasonably satisfactory to KCA and its counsel, as to the matters set forth in Exhibit E hereto;
  - (v) a “comfort” letter from Ernst & Young, LLP, addressed to KCA, in form reasonably satisfactory to KCA and its counsel, as to the matters set forth in Exhibit E hereto;
  - (vi) a letter from D&M, addressed to KCA, as to the matters set forth in Exhibit F hereto;
  - (vii) evidence reasonably satisfactory to KCA and its counsel that the Registration Statement remains effective;
  - (viii) evidence reasonably satisfactory to KCA and its counsel that the Units have been approved for listing on the Exchange, subject only to notice of issuance at or before the time of purchase on the relevant Purchase Date;
  - (ix) resolutions duly adopted by the Company’s board of directors, and certified by an officer of the Company, authorizing the Registration Statement, Company’s execution of the Original Agreement and this Agreement and the consummation by the Company of the transactions contemplated hereby, including the issuance of the Units and such other matters as are customary for the transactions contemplated hereby; and
  - (x) such other documents as KCA shall reasonably request; and
- (b) KCA shall have received from Morrison & Foerster LLP: (i) a favorable opinion, as to the matters set forth in Exhibit G hereto, and (ii) a letter with respect to Rule 10b-5 of the Exchange Act.

7. Additional Covenants of the Company. The Company further covenants and agrees with KCA as follows:

- (a) Each acceptance of a Transaction Notice by the Company shall be deemed to be an affirmation that the representations and warranties of the Company herein contained and contained in any certificate delivered to KCA pursuant hereto are true and correct at the Time of Acceptance, and an undertaking that such representations and warranties will be true and correct on any Closing Date and at the time of delivery of Units pursuant to the Transaction Notice, as though made at and as of each such time, in each case, except for representations and warranties that address matters only as of a certain date, which need only be true and correct as of such certain date (it being understood that such representations and warranties shall relate to the Registration Statement, any Basic Prospectus, the Prospectus or any Permitted Free Writing Prospectus as amended and supplemented to the time of such Transaction Notice).
- (b) Each time that the Registration Statement, the Prospectus or any Permitted Free Writing Prospectus shall be amended or supplemented (including, except as noted in the proviso at the end of this Section 7(b), by the filing of any Incorporated Document, but excluding any prospectus supplement filed pursuant to Section 5(b) hereof), the Company shall furnish or cause to be furnished to KCA within two business days the following, each dated the date of filing with the Commission or the date of effectiveness of such amendment or supplement, as applicable, in form and substance satisfactory to KCA and its counsel:
  - (i) a certificate certifying as to the matters set forth in Exhibit B hereto at the time of the filing or effectiveness of such amendment or supplement, as applicable, as though made at and as of such time (except that such statements shall be deemed to relate to the Registration Statement, the Prospectus or any Permitted Free Writing Prospectus as amended and supplemented to such time);
  - (ii) an opinion of Vinson & Elkins L.L.P., counsel to the Company, addressed to KCA, as to the matters set forth in Exhibit C hereto, with only such departures from such form as Morrison & Foerster LLP, counsel for KCA, shall have approved; or, in lieu of such opinion, counsel last furnishing such opinion to KCA shall furnish KCA with a letter substantially to the effect that KCA may rely on such last opinion to the same extent as though it were dated the date of such letter authorizing reliance (except that statements in such last opinion shall be deemed to relate to the Registration Statement, the Prospectus or any Permitted Free Writing Prospectus as amended and supplemented to the time of delivery of such letters authorizing reliance);
  - (iii) an opinion of Wyatt, Tarrant & Combs LLP, counsel to the Company, addressed to KCA, as to the matters set forth in Exhibit D hereto, with only such departures from such form as Morrison & Foerster LLP, counsel for KCA, shall have approved; or, in lieu of such opinion, counsel last furnishing such opinion to KCA shall furnish KCA with a letter substantially to the effect that KCA may rely on such last opinion to the same extent as though it were dated the date of such letter authorizing reliance (except that statements in such last opinion shall be deemed to relate to the Registration Statement, the Prospectus or any Permitted Free Writing Prospectus as amended and supplemented to the time of delivery of such letters authorizing reliance);
  - (iv) a “comfort” letter from BDO USA, LLP, addressed to KCA, in a form reasonably satisfactory to KCA and its counsel, of the same tenor as the letter referred to in Section 6(a)(iv) hereof but modified to relate to the Registration Statement, the Prospectus or any Permitted Free Writing Prospectus as amended and supplemented to the date of such letter; and
  - (v) such other documents as KCA shall reasonably request;

*provided, however*, that the Company will not be required to furnish any of such certificates, opinions, letters or other documents to KCA in connection with the filing of a Current Report on Form 8-K unless (i) such Current Report on Form 8-K is filed at any time during which either a Transaction Notice is in effect or a prospectus relating to the Units is required to be delivered under the Act and (ii) KCA has requested such certificates, opinions, letters or other documents based upon the event or events reported in such Current Report on Form 8-K.

- (c) (i) No order suspending the effectiveness of the Registration Statement shall be in effect, and no proceeding for such purpose or pursuant to Section 8A under the Act shall be pending before or threatened by the Commission; the Prospectus and each Permitted Free Writing Prospectus shall have been timely filed with the Commission under the Act (in the case of any Permitted Free Writing Prospectus, to the extent required by Rule 433 under the Act) and in accordance with Section 5(b) hereof; and all requests by the Commission for additional information shall have been complied with to the satisfaction of KCA and no suspension of the qualification of the Units for offering or sale in any jurisdiction, or of the initiation or threatening of any proceedings for any of such purposes, will have occurred and be in effect at the time the Company accepts a Transaction Notice; and (ii) the Registration Statement, the Prospectus or any Permitted Free Writing Prospectus shall not contain an untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading at the time the Company accepts a Transaction Notice.
- (d) To disclose in its Quarterly Reports on Form 10-Q and in its Annual Report on Form 10-K the number of the Units sold through KCA under this Agreement, the net proceeds to the Company from the sale of the Units and the compensation paid by the Company with respect to sales of the Units pursuant to this Agreement during the relevant period.

8. Conditions of KCA's Obligation with Respect to Sale of the Units. KCA's obligation to solicit purchases on an agency basis for the Units pursuant to a Transaction Notice that has been accepted by the Company shall be subject to the satisfaction of the following conditions at the Time of Acceptance, the time of the commencement of trading on the Exchange on the Purchase Date and at the time of closing on the Closing Date:

- (a) The representations and warranties on the part of the Company herein contained or contained in any certificate of an officer or officers of the Company delivered pursuant to the provisions hereof shall be true and correct in all respects; and the statements of the Company and its officers made in any certificates delivered pursuant to this Agreement shall be true and correct on and as of such dates, except that representations and warranties that address matters only as of a certain date need only be true and correct as of such certain date.
- (b) The Company shall have performed and observed its covenants and other obligations hereunder in all material respects.
- (c) From the date of delivery of the Transaction Notice until the Closing Date, trading in the Common Units on the Exchange shall not have been suspended.
- (d) From the date of this Agreement, no event or condition of a type described in Section 4(l) hereof shall have occurred or shall exist, which event or condition is not described in any Permitted Free Writing Prospectus (excluding any amendment or supplement thereto) and the Prospectus (excluding any amendment or supplement thereto) and the effect of which in the judgment of KCA makes it impracticable or inadvisable to proceed with the offering, sale or delivery of the Units on the Closing Date on the terms and in the manner contemplated by this Agreement, any Permitted Free Writing Prospectus and the Prospectus.
- (e) Subsequent to the date of the applicable Transaction Notice, no Material Adverse Effect shall have occurred that is not described in any Permitted Free Writing Prospectus (excluding any amendment or supplement thereto made after the date of such Transaction Notice) or the Prospectus (excluding any amendment or supplement thereto made after the date of such Transaction Notice) and the effect of which in the reasonable judgment of KCA makes it impracticable or inadvisable to proceed with the offering, sale or delivery of the Units on the Closing Date on the terms and in the manner contemplated by this Agreement, any Free Writing Prospectus and the Prospectus.
- (f) The Units to be issued pursuant to the Transaction Notice shall have been approved for listing on the Exchange, subject only to notice of issuance.
- (g) No action shall have been taken and no statute, rule, regulation or order shall have been enacted, adopted or issued by any federal, state or foreign governmental or regulatory authority that would, as of the Closing Date, prevent the issuance or sale of the Units; and no injunction or order of any federal, state or foreign court shall have been issued that would, as of the Closing Date, prevent the issuance or sale of the Units.
- (h) KCA shall have received on and as of the Closing Date satisfactory evidence of the good standing of the Company and the other Vanguard Parties in their respective jurisdictions of organization and their good standing as foreign entities in such other jurisdictions as KCA may reasonably request, in each case in writing or any standard form of telecommunication from the appropriate Governmental Authorities of such jurisdictions.
- (i) The Company shall have furnished evidence reasonably satisfactory to KCA and its counsel that the Registration Statement remains effective.
- (j) No amendment or supplement to the Registration Statement, any Basic Prospectus, the Prospectus or any Permitted Free Writing Prospectus shall have been filed to which KCA shall have objected in writing.

- (k) On or prior to the Closing Date, the Company shall have furnished to KCA such further certificates and documents as KCA may reasonably request.

9. Termination by KCA.

- (a) The obligations of KCA hereunder may be terminated, in the sole and absolute discretion of KCA, if at any time (i) any of the conditions specified in Section 8 hereof shall not have been fulfilled when and as required by this Agreement to be fulfilled; (ii) there has been since the respective dates as of which information is given in the Registration Statement, any material adverse change, or any development that is reasonably expected to cause a material adverse change, in or affecting the assets, operations, business or condition (financial or otherwise) of the Company, whether or not arising in the ordinary course of business; (iii) there has since the date hereof occurred an outbreak or escalation of hostilities, any change in the financial markets or any other national or international calamity or crisis the effect of which, in the judgment of KCA, is material and adverse and makes it impracticable or inadvisable to market or deliver the Units or enforce contracts for the sale of the Units; (iv) trading in any securities of the Company has been suspended by the Commission or by the Exchange or trading generally on the Exchange has been suspended (including automatic halt in trading pursuant to market-decline triggers other than those in which solely program trading is temporarily halted), or limitations on prices for trading (other than limitations on hours or numbers of days of trading) have been fixed, or maximum ranges for prices for securities have been required, by such Exchange or FINRA or by order of the Commission or any other governmental authority; (v) any foreign, federal or state statute, regulation, rule or order of any court or other governmental authority has been enacted, published, decreed or otherwise promulgated that in the reasonable opinion of KCA has or will have a Material Adverse Effect; (vi) any action has been taken by any foreign, federal, state or local government or agency in respect of its monetary or fiscal affairs which in the reasonable opinion of KCA has a material and adverse effect on the securities markets in the United States; or (vii) a general moratorium on commercial banking activities has been declared by foreign, federal or New York authorities.
- (b) If KCA elects to terminate its obligations pursuant to this Agreement as provided in this Section 9, KCA shall promptly notify the Company of such termination by telephone, promptly confirmed by facsimile or email stating in reasonable detail the basis therefor. If a Transaction Notice is pending at the time of termination, KCA may declare such Transaction Notice void or may require the Company to complete the sale of Units as specified in the Transaction Notice, at KCA's sole discretion (to the extent doing so is permitted under applicable law and regulation).
- (c) If the solicitation of purchases on an agency basis as contemplated by this Agreement, is not carried out by KCA for any reason permitted under this Agreement or if such sale is not carried out because the Company shall be unable to comply in all material respects with any of the terms of this Agreement, the Company shall not be under any obligation or liability under this Agreement (except to the extent provided in Sections 5(m) and 11 hereof) and KCA shall be under no obligation or liability to the Company under this Agreement (except to the extent provided in Section 11 hereof).
- (d) KCA may terminate this Agreement for any reason upon giving 30 days' prior notice to the Company. Any such termination shall be without liability of any party to any other party except that the provisions of Sections 5(m) and 11 hereof shall remain in full force and effect notwithstanding such termination and KCA shall be under no obligation or liability to the Company under this Agreement (except to the extent provided in Section 11 hereof).

10. Termination by Company. The Company may terminate this Agreement in its sole discretion at any time upon prior written notice to KCA; provided, however, that if such termination shall occur prior to the Closing Date for any sale of Units, such sale shall settle in accordance with the provisions of this Agreement. Any such termination shall be without liability of any party to any other party except that the provisions of Sections 5(m) and 11 hereof shall remain in full force and effect notwithstanding such termination and KCA shall be under no obligation or liability to the Company under this Agreement (except to the extent provided in Section 11 hereof).

11. Indemnity and Contribution.

- (a) The Company agrees to indemnify and hold harmless KCA, its affiliates, directors and officers and each person, if any, who controls KCA within the meaning of Section 15 of the Act or Section 20 of the Exchange Act, from and against any and all losses, claims, damages and liabilities (including, without limitation, legal fees and other expenses incurred in connection with any suit, action or proceeding or any claim asserted, as such fees and expenses are incurred), that arise out of, or are based upon, (i) any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein, not misleading, or (ii) or any untrue statement or alleged untrue statement of a material fact contained in the Prospectus (or any amendment or supplement thereto), any Permitted Free Writing Prospectus (or any amendment or supplement thereto), or caused by any omission or alleged omission to state therein a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, in each case except insofar as such losses, claims, damages or liabilities arise out of, or are based upon, any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with any information relating to KCA furnished to the Company in writing by KCA expressly for use therein, it being understood and agreed that the only such information furnished by KCA consists of the information described as such in Section 11(b) hereof.
- (b) KCA agrees to indemnify and hold harmless the Company, its directors, its officers who signed the Registration Statement and each person, if any, who controls the Company within the meaning of Section 15 of the Act or Section 20 of the Exchange Act to the same extent as the indemnity set forth in paragraph (a) above, but only with respect to any losses, claims, damages or

liabilities that arise out of, or are based upon, any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with any information relating to KCA furnished to the Company in writing by KCA expressly for use in the Registration Statement, the Basic Prospectus, the Prospectus (or any amendment or supplement thereto), any Permitted Free Writing Prospectus, it being understood and agreed upon that the only such information furnished by KCA consists of the information in the Prospectus as specified in Exhibit I hereto.

- (c) If any suit, action, proceeding (including any governmental or regulatory investigation), claim or demand shall be brought or asserted against any person in respect of which indemnification may be sought pursuant to either Sections 11(a) or 11(b) hereof, such person (the “Indemnified Person”) shall promptly notify the person against whom such indemnification may be sought (the “Indemnifying Person”) in writing; *provided* that the failure to notify the Indemnifying Person shall not relieve it from any liability that it may have under this Section 11 except to the extent that it has been materially prejudiced (through the forfeiture of substantive rights or defenses) by such failure; and *provided, further*, that the failure to notify the Indemnifying Person shall not relieve it from any liability that it may have to an Indemnified Person otherwise than under this Section 11. If any such proceeding shall be brought or asserted against an Indemnified Person and it shall have notified the Indemnifying Person thereof, the Indemnifying Person shall retain counsel reasonably satisfactory to the Indemnified Person (who shall not, without the consent of the Indemnified Person, be counsel to the Indemnifying Person) to represent the Indemnified Person in such proceeding and shall pay the fees and expenses of such counsel related to such proceeding, as incurred. In any such proceeding, any Indemnified Person shall have the right to retain its own counsel, but the fees and expenses of such counsel shall be at the expense of such Indemnified Person unless (i) the Indemnifying Person and the Indemnified Person shall have mutually agreed to the contrary or (ii) the Indemnifying Person has failed within a reasonable time after notice from the Indemnified Person to retain counsel reasonably satisfactory to the Indemnified Person, in either which case the Indemnifying Person will pay the fees and expenses of such counsel. It is understood and agreed that the Indemnifying Person shall not, in connection with any proceeding or related proceeding in the same jurisdiction, be liable for the fees and expenses of more than one separate firm (in addition to any local counsel) for all Indemnified Persons, and that all such fees and expenses shall be paid or reimbursed as they are incurred. Any such separate firm for KCA, its affiliates, directors and officers and any control persons of KCA shall be designated in writing by KCA and any such separate firm for the Company, its directors, its officers who signed the Registration Statement and any control persons of the Company shall be designated in writing by the Company. The Indemnifying Person shall not be liable for any settlement of any proceeding effected without its written consent, but if settled with such consent or if there be a final judgment for the plaintiff, the Indemnifying Person agrees to indemnify each Indemnified Person from and against any loss or liability by reason of such settlement or judgment subject to the other terms and conditions of this Section 11. Notwithstanding the foregoing sentence, if at any time an Indemnified Person shall have requested that an Indemnifying Person reimburse the Indemnified Person for fees and expenses of counsel as contemplated by this paragraph, the Indemnifying Person shall be liable for any settlement of any proceeding effected without its written consent if (i) such settlement is entered into more than 30 days after receipt by the Indemnifying Person of such request and (ii) the Indemnifying Person shall not have reimbursed the Indemnified Person in accordance with such request prior to the date of such settlement. Notwithstanding the immediately preceding sentence, Indemnifying Person may, without the written consent of the Indemnified Person, effect any settlement of any pending or threatened proceeding in respect of which any Indemnified Person is a party or could have been a party and indemnification could have been sought hereunder by such Indemnified Person, if such settlement (x) includes an unconditional release of such Indemnified Person, in form and substance reasonably satisfactory to such Indemnified Person, from all liability on claims that are the subject matter of such proceeding and (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any Indemnified Person.
- (d) If the indemnification provided for in Sections 11(a) and 11(b) hereof is unavailable to an Indemnified Person or insufficient in respect of any losses, claims, damages or liabilities referred to therein, then each Indemnifying Person under such paragraph, in lieu of indemnifying such Indemnified Person thereunder, shall contribute to the amount paid or payable by such Indemnified Person as a result of such losses, claims, damages or liabilities (i) in such proportion as is appropriate to reflect the relative benefits received by the Company, on the one hand, and KCA, on the other, from the offering of the Units or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) but also the relative fault of the Company, on the one hand, and KCA, on the other, in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities, as well as any other relevant equitable considerations. The relative benefits received by the Company, on the one hand, and KCA, on the other, shall be deemed to be in the same respective proportions as the net proceeds (before deducting expenses) received by the Company from the sale of the Units and the total discounts and commissions received by KCA in connection therewith, in each case as set forth in the table on the cover of the Prospectus, bear to the aggregate offering price of the Units. The relative fault of the Company, on the one hand, and KCA, 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 relates to information supplied by the Company or by KCA, and the parties’ relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.
- (e) The Company and KCA agree that it would not be just and equitable if contribution pursuant to this Section 11 were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in Section 11(d) hereof. The amount paid or payable by an Indemnified Person as a result of the losses, claims, damages and liabilities referred to in Section 11(d) hereof shall be deemed to include, subject to the limitations set forth above, any legal or other expenses incurred by such Indemnified Person in connection with any such action or claim. Notwithstanding the provisions of this Section 11, in no event shall KCA be required to contribute any amount in excess of the amount by which the total discounts and commissions received by KCA with respect to the offering of the Units exceeds the amount of any damages that KCA has otherwise been required to pay by reason of such untrue or alleged untrue statement or omission or alleged omission. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any

person who was not guilty of such fraudulent misrepresentation.

- (f) The remedies provided for in this Section 11 are not exclusive and shall not limit any rights or remedies which may otherwise be available to any Indemnified Person at law or in equity.

12. Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted and confirmed by any standard form of communication, and if to KCA, shall be sufficient in all respects if delivered to Knight Capital Americas, L.P., 320 Park Avenue, New York, New York 10012, with separate copies to the attention of William Kelly, Managing Director, wkelly@knight.com, and Joshua Jedwab, Managing Director - Legal & Compliance Dept, jjedwab@knight.com, Facsimile No.: 914-251-5812, and if to the Company, shall be sufficient in all respects if delivered or sent to the Company at the offices of the Company at:

Vanguard Natural Resources, LLC  
5847 San Felipe, Suite 3000  
Houston, Texas 77057  
Fax: 832-327-2260  
Attention: Scott W. Smith  
President and Chief Executive Officer

Notwithstanding the foregoing, Transaction Notices shall be delivered by facsimile or “.pdf” email format as follows:

To the Company:  
Facsimile: 832-327-2260  
email: rrobert@vnrllc.com  
Attention: Richard A. Robert  
Executive Vice President  
and Chief Financial Officer  
Tel. Confirm: 832-327-2258

To KCA (of the Acceptance of Transaction Notice):  
email: kmaxdesk@knight.com  
Attention: William Kelly  
Tel.: 212-209-1494

13. No Fiduciary Relationship. The Company acknowledges and agrees that KCA is acting solely in the capacity of an arm’s length contractual counterparty to the Company with respect to the offering of Units contemplated hereby (including in connection with determining the terms of the offering) and not as a financial advisor or a fiduciary to, or an agent of, the Company or any other person. Additionally, KCA is not advising the Company or any other person as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction. The Company shall consult with its own advisors concerning such matters and shall be responsible for making its own independent investigation and appraisal of the transactions contemplated hereby, and except as provided in Section 11, KCA shall have no responsibility or liability to the Company with respect thereto. Any review by KCA of the Company, the transactions contemplated hereby or other matters relating to such transactions will be performed solely for the benefit of KCA and shall not be on behalf of the Company.

14. Adjustments for Unit Splits. The parties acknowledge and agree that all numbers related to the Common Units contained in this Agreement and any Transaction Notice shall be adjusted to take into account any split effected with respect to the Units.

15. KCA as Market Maker. KCA and one or more of its affiliates may make markets in the Common Units or other securities of the Company, in connection with which they may buy and sell, as agent or principal, for long or short account, Common Units or other securities of the Company, at the same time that KCA is acting as agent pursuant to this Agreement; *provided* that KCA acknowledges and agrees that any such transactions are not being, and shall not be deemed to have been, undertaken at the request or direction of, or for the account of, the Company, and that the Company has and shall have no control over any decision by KCA and its affiliates to enter into any such transactions.

16. Governing Law: Construction. This Agreement and any claim, counterclaim or dispute of any kind or nature whatsoever arising out of or in any way relating to this Agreement (“Claim”), directly or indirectly, shall be governed by, and construed in accordance with, the laws of the State of New York, other than rules governing choice of applicable law. The section headings in this Agreement have been inserted as a matter of convenience of reference and are not a part of this Agreement.

17. Submission to Jurisdiction. Except as set forth below, no Claim may be commenced, prosecuted or continued in any court other than the courts of the State of New York located in the City and County of New York or in the United States District Court for the Southern District of New York, which courts shall have nonexclusive jurisdiction over the adjudication of such matters, and the Company consents to the jurisdiction of such courts and personal service with respect thereto. Each of KCA and the Company, on its behalf and, to the extent permitted by applicable law, on behalf of its equity holders and affiliates, waives all right to trial by jury in any action, proceeding or counterclaim, whether based upon contract, tort or otherwise, in any way arising out of or relating to this Agreement. The Company agrees that a final judgment in any such action, proceeding or counterclaim brought in any such court shall be conclusive and binding upon the Company and may be enforced in any other courts in the jurisdiction of which the Company is or may be subject, by suit upon such judgment.

18. Parties in Interest. This Agreement herein set forth has been and is made solely for the benefit of KCA and the Company and to the extent provided in Section 11 hereof the controlling persons, directors and officers referred to in such section, and their respective successors, assigns, heirs, personal representatives and executors and administrators. No other person, partnership, association or corporation (including a purchaser, as such

purchaser, from KCA) shall acquire or have any right under or by virtue of this Agreement.

19. Successors and Assigns. This Agreement shall be binding upon KCA and the Company and their successors and assigns and any successor or assign of any substantial portion of the Company's and KCA's respective businesses and/or assets.

20. Survival. The respective indemnities, rights of contribution, representations, warranties and agreements of the Company and KCA contained in this Agreement or made by or on behalf of the Company or KCA pursuant to this Agreement or any certificate delivered pursuant hereto shall survive the delivery of and payment for the Units and shall remain in full force and effect, regardless of any termination of this Agreement or any investigation made by or on behalf of the Company or KCA.

21. Certain Defined Terms. For purposes of this Agreement, except where otherwise expressly provided, the term "affiliate" has the meaning set forth in Rule 405 under Act.

22. Amendments or Waivers. No amendment or waiver of any provision of this Agreement, nor any consent or approval to any departure therefrom, shall in any event be effective unless the same shall be in writing and signed by the parties hereto.

23. Counterparts. This Agreement may be signed in counterparts (which may include counterparts delivered by any standard form of telecommunication), each of which shall be an original and all of which together shall constitute one and the same instrument.

*[The remainder of this page is intentionally left blank.]*

---

If the foregoing correctly sets forth the understanding among the Company and KCA, please so indicate in the space provided below for the purpose, whereupon this letter and your acceptance shall constitute a binding agreement between the Company and KCA.

Very truly yours,

VANGUARD NATURAL RESOURCES, LLC

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

Accepted and agreed to as of the

date first above written:

KNIGHT CAPITAL AMERICAS, L.P.

By: /s/ William Kelly  
Name: William Kelly  
Title: Managing Director

---

## Subsidiaries and Foreign Qualifications

Entity	State of Incorporation	State(s) of Foreign Qualification
Vanguard Natural Resources, LLC	Delaware	Texas and Kentucky
Vanguard Natural Gas, LLC	Kentucky	Texas
VNR Holdings, LLC	Delaware	Texas
Trust Energy Company, LLC	Kentucky	None
Ariana Energy, LLC	Tennessee	Kentucky
Vanguard Permian, LLC	Delaware	New Mexico and Texas
VNR Finance Corp.	Delaware	None
Encore Energy Partners GP LLC	Delaware	Texas
Encore Energy Partners LP	Delaware	Texas
<i>The following entities are wholly owned by Encore Energy Partners LP</i>		
Encore Energy Partners Operating LLC	Delaware	Montana, Wyoming, Texas and North Dakota
Encore Energy Partners Finance Corporation	Delaware	Texas
Encore Clearfork Pipeline LLC	Delaware	Montana, Wyoming and Texas

---

[KCA Letterhead]

\_\_\_\_\_, 20\_\_

Via Email or Facsimile

Vanguard Natural Resources, LLC  
5847 San Felipe, Suite 3000  
Houston, Texas 77057  
Attention: Richard A. Robert  
Executive Vice President and Chief Financial Officer

**TRANSACTION NOTICE**

Dear \_\_\_\_\_:

This Notice sets forth the terms of the agreement of Knight Capital Americas, L.P. (“KCA”) with Vanguard Natural Resources, LLC, a Delaware limited liability company (the “Company”), relating to the issuance of the Company’s common units, pursuant to the Amended and Restated Distribution Agreement between the Company and KCA, dated September 9, 2011 (the “Agreement”). Unless otherwise defined below, capitalized terms defined in the Agreement shall have the same meanings when used herein.

By countersigning or otherwise indicating in writing the Company’s acceptance of this Notice (an “Acceptance”), the Company shall have agreed with KCA to engage in the following agency transaction:

Number of Units to be Sold: \_\_\_\_\_  
Minimum Price at which Units may be Sold: ( \_\_\_\_\_  
“Floor Price”) \_\_\_\_\_  
Date(s) on which Units may be Sold: ( \_\_\_\_\_  
“Purchase Date”) \_\_\_\_\_  
Manner in which Units are to be Sold: [Specify “at-the-market” or  
other method] \_\_\_\_\_

The Transaction set forth in this Notice will not be binding on the Company or KCA unless and until the Company delivers its Acceptance; *provided, however,* that neither the Company nor KCA will be bound by the terms of this Notice unless the Company delivers its Acceptance by \_\_\_\_ am/pm (New York time) on [the date hereof/ \_\_\_\_\_, 20\_\_].

The Transaction, if it becomes binding on the parties, shall be subject to all of the representations, warranties, covenants and other terms and conditions of the Agreement, except to the extent amended or modified hereby, all of which are expressly incorporated herein by reference. Each of the representations and warranties set forth in the Agreement shall be deemed to have been made at and as of the date of the Company’s acceptance and on any Purchase Date and any Closing Date, except for representations and warranties that address matters only as of a certain date.

If the foregoing conforms to your understanding of our agreement, please so indicate by providing your Acceptance in the manner contemplated by the Agreement.

Very truly yours,  
  
KNIGHT CAPITAL AMERICAS, L.P.

By:  
Name:  
Title:

ACCEPTED as of the date  
  
first above written  
  
VANGUARD NATURAL RESOURCES, LLC

By:

Name:

Title:

*[Note: The Company's acceptance may also be evidenced by a separate written acceptance referencing this Notice and delivered in accordance with the Agreement]*

---

**Officers' Certificate**

(1) The representations and warranties of the Company in the Agreement are true and correct in all material respects as of the date hereof as though made on and as of this date;

(2) The Company has performed all obligations and satisfied all conditions on its part to be performed or satisfied pursuant to the Agreement at or prior to the date hereof;

(3) The Company's Registration Statement on Form S-3 (File No. 333-159911) under the Act become effective; no stop order suspending the effectiveness of such Registration Statement has been issued and no proceeding for that purpose has been initiated or threatened by the Commission; and all requests for additional information on the part of the Commission have been complied with; and

(4) Except as otherwise disclosed in writing to KCA by the Company, subsequent to the respective dates as of which information is given in the Registration Statement, any Basic Prospectus, the Prospectus or any Permitted Free Writing Prospectus, there has not been (i) any material adverse change, or any development involving a prospective material adverse change, in the business, prospects, properties or assets described or referred to in the Registration Statement, or the results of operations, condition (financial or otherwise), business or operations of the Vanguard Parties, whether or not arising in the ordinary course of business, or (ii) any transaction that is material to the Company or the other Vanguard Parties, planned or entered into by the Company or any of the other Vanguard Parties, or (iii) any obligation, direct or contingent, that is material to the Vanguard Parties, incurred by the Company or the other Vanguard Parties, except obligations incurred in the ordinary course of business, or (iv) any material change in the capital stock or outstanding indebtedness of the Company or the other Vanguard Parties, or (v) any dividend or distribution of any kind declared, paid or made on the capital stock of the Company except for the Company's regular quarterly distribution declared on [•], 20[•] and [paid/payable] on [•], 20[•]; and neither the Company nor the other Vanguard Parties has any material contingent obligation that is not disclosed in the Registration Statement, any Basic Prospectus, the Prospectus or any Permitted Free Writing Prospectus.

---

**Opinion of Vinson & Elkins L.L.P., Counsel to the Company**

(1) each of the Company, VNR Holdings, Permian and VNR Finance has been duly formed or incorporated, as the case may be, and each of the Company, VNR Holdings, Permian and VNR Finance and Encore GP is validly existing in good standing as a limited liability company or corporation, as the case may be, under the laws of State of Delaware, with full limited liability company or corporate power and authority, as the case may be, to own, lease and operate its properties and to conduct the business in which it is engaged and to enter into and perform its obligations under the Equity Distribution Agreement, the Company LLC Agreement, the VNR Holdings LLC Agreement, the VNR Finance Bylaws, the Permian LLC Agreement and the Encore GP LLC Agreement, as applicable, and is duly registered or qualified to do business as a foreign limited liability company or corporation, as the case may be, and is in good standing under the laws of each jurisdiction set forth opposite its name on Annex I to such opinion;

(2) the Company directly or indirectly owns 100% of the outstanding limited liability company interests in VNR Holdings, Permian and Encore GP; all such limited liability company interests have been duly authorized and validly issued in accordance with the VNR Holdings LLC Agreement, the Permian LLC Agreement and the Encore GP LLC Agreement, as applicable, and are fully paid (to the extent required in the VNR Holdings LLC Agreement, the Permian LLC Agreement and the Encore GP LLC Agreement, as applicable) and nonassessable (except as such nonassessability may be affected by Sections 18-607 and 18-804 of the Delaware LLC Act); and the Company directly or indirectly owns all such limited liability company interests free and clear of all liens, encumbrances (other than those permitted or arising under the Credit Agreement and the Term Loan and except for restrictions on transferability as described in the Final Prospectus), security interests, charges or claims (A) in respect of which a financing statement under the Uniform Commercial Code of the State of Delaware naming the Company as debtor is on file in the office of the Secretary of State of the State of Delaware or (B) otherwise known to such counsel, without independent investigation, other than those created by or arising under the applicable provisions of the Delaware LLC Act;

(3) the Company directly owns 100% of the outstanding shares of capital stock of VNR Finance; all such shares have been duly authorized and validly issued, and are fully paid and non-assessable; and the Company directly owns all such shares free and clear of all liens, encumbrances (other than those permitted or arising under the Credit Agreement and the Term Loan), security interests, charges or claims (A) in respect of which a financing statement under the Uniform Commercial Code of the State of Delaware naming the Company as debtor is on file in the office of the Secretary of State of the State of Delaware or (B) otherwise known to such counsel, without independent investigation;

(4) the Common Units to be issued and sold by the Company pursuant to the Equity Distribution Agreement have been duly authorized in accordance with the Company LLC Agreement and, when issued and delivered to and paid for in accordance with the Equity Distribution Agreement and the Company LLC Agreement, will be validly issued, fully paid (to the extent required in the Company LLC Agreement) and nonassessable (except as such nonassessability may be affected by Sections 18-607 and 18-804 of the Delaware LLC Act); and the Common Units, when issued and delivered against payment therefor in accordance with the Equity Distribution Agreement and the Company LLC Agreement, will conform in all material respects to the descriptions thereof contained in the Prospectus;

(5) (A) Except as described in the Prospectus, there are no preemptive rights or other rights to subscribe for or to purchase, nor any restrictions upon the voting or transfer of, any equity securities of any of the Company, VNR Holdings, VNR Finance, Permian or Encore GP; (B) except as described in the Prospectus, to the knowledge of such counsel, no options, warrants or other rights to purchase, agreements or other obligations to issue, or rights to convert any obligations into or exchange any securities for limited liability company interests in, common stock of or other ownership interests in the Company, VNR Holdings, VNR Finance, Permian or Encore GP are outstanding; and (C) to the knowledge of such counsel, neither the filing of the Registration Statement nor the offering or sale of the Units as contemplated by the Equity Distribution Agreement gives rise to any rights for or relating to the registration of any Units or other securities of any of the Vanguard Parties, in the case of clauses (A) and (C), under the Company LLC Agreement, the VNR Holdings LLC Agreement, the Permian LLC Agreement, the Encore GP LLC Agreement, the VNR Finance Bylaws, the Delaware LLC Act, the Delaware General Corporation Law or any indenture, contract, lease, mortgage, deed of trust, note agreement, loan agreement or other agreement, obligation, condition, covenant or instrument to which any of the Vanguard Parties is a party or bound or to which their property is subject and that is filed as an exhibit to the Registration Statement, the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010 or any Quarterly Report on Form 10-Q or any Current Report on Form 8-K filed by the Company since January 1, 2011, except for those rights set forth in Article 5 of the Company LLC Agreement, which rights have been waived in full in respect of this offering of the Units;

(6) to such counsel's knowledge, there is no franchise, contract or other document of a character required to be described in the Registration Statement or Prospectus, or to be filed as an exhibit thereto, which is not described or filed as required by the Act; and the statements included or incorporated by reference in the Prospectus under the headings "The Offering," "Description of Our Common Units," "Cash Distribution Policy," "Description of Our Limited Liability Company Agreement," "Material Tax Considerations," "Material Tax Consequences" and "Plan of Distribution" (in both the Basic Prospectus and the Prospectus) insofar as they constitute descriptions of agreements or refer to statements of law or legal conclusions, are accurate in all material respects, and the Common Units and Class B Units conform in all material respects to the description thereof contained in the Prospectus;

(7) the Registration Statement is effective under the Act; any required filing of the Basic Prospectus, and the Prospectus, and any supplements thereto, pursuant to Rule 424(b) has been made in the manner and within the time period required by Rule 424(b); and to the knowledge of such counsel, no stop order suspending the effectiveness of the Registration Statement or any notice objecting to its use has been issued, no proceedings for that purpose have been instituted or threatened by the Commission, and the Registration Statement and the Prospectus (other than the financial statements and other financial, reserve and statistical information contained therein, as to which such counsel need express no opinion) appear on their face to comply as to form in all material respects with the applicable requirements of the Act and the rules thereunder;

(8) the Equity Distribution Agreement has been duly authorized, executed and delivered by the Company;

(9) tone of the Vanguard Parties is and, after giving effect to the offering and sale of the Units and the application of the proceeds thereof as described in the Prospectus, will be, an “investment company” as defined in the Investment Company Act of 1940, as amended;

(10) the Company has all necessary limited liability company power and authority to issue, sell and deliver the Common Units, in accordance with and upon the terms and conditions set forth in the Equity Distribution Agreement and the Company LLC Agreement;

(11) each of the Operative Agreements to which the Company, VNR Holdings, VNR Finance, Permian or Encore GP is a party (i) has been duly authorized, executed and delivered by the Company, VNR Holdings, VNR Finance, Permian or Encore GP, as the case may be, and (ii) assuming the due authorization, execution and delivery by each party thereto other than the Company, VNR Holdings, VNR Finance, Permian and Encore GP, constitutes a valid and legally binding obligation of the Company, VNR Holdings, VNR Finance, Permian or Encore GP, as the case may be, enforceable against such entity in accordance with its respective terms, subject to (A) applicable bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws relating to or affecting creditors’ rights generally and general principles of equity (regardless of whether such enforceability is considered in a proceeding at law or in equity), (B) public policy, applicable law relating to fiduciary duties and indemnification and contribution and an implied covenant of good faith and fair dealing and (C) in the case of the enforceability of equitable rights and remedies provided for in such agreements, equitable defenses and judicial discretion;

(12) except such as have been obtained under the Act and the Exchange Act and as may be required under applicable state securities or “Blue Sky” laws, no consent, approval, authorization, filing with or order of any court or governmental agency or body is required in connection with the transactions contemplated by the Equity Distribution Agreement and the Prospectus;

(13) none of the offering, issuance or sale of the Common Units, the application of the proceeds therefrom as described under the caption “Use of Proceeds” in the Prospectus, the execution, delivery or performance of the Equity Distribution Agreement or the consummation of any of the transactions contemplated therein, conflicts or will conflict with, or results in or will result in a breach or violation of, a default under (or an event that, with notice or lapse of time or both would constitute such an event), or the imposition of any lien, charge or encumbrance upon any property or assets of any of the Company, VNR Holdings, VNR Finance, Permian or Encore GP pursuant to, (i) the certificate of formation, limited liability company agreement, certificate of incorporation, bylaws or other organizational documents of any of the Company, VNR Holdings, VNR Finance, Permian or Encore GP, (ii) the terms of any indenture, contract, lease, mortgage, deed of trust, note agreement, loan agreement or other agreement, obligation, condition, covenant or instrument to which any of the Vanguard Parties is a party or bound or to which their property is subject and that is filed as an exhibit to the Registration Statement, the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2010 or any Quarterly Report on Form 10-Q or any Current Report on Form 8-K filed by the Company since January 1, 2011, (iii) the Delaware LLC Act, the Delaware General Corporation Law, the laws of the State of Texas or federal law, or (iv) any judgment, order or decree known to such counsel of any Texas, federal or Delaware court, governmental agency or body having jurisdiction over any of the Company, VNR Holdings, VNR Finance and Permian or any of their properties or assets, excluding those conflicts, breaches, violations, defaults or liens, in the case of clauses (ii), (iii) or (iv), that would not reasonably be expected to have a Material Adverse Effect or could not materially impair the ability of any of the Company, VNR Holdings, VNR Finance and Permian to perform their obligations under the Equity Distribution Agreement; *provided, however*, that no opinion is expressed pursuant to this paragraph with respect to federal or state securities laws, tax laws or antifraud laws; and

(14) The opinion of Vinson & Elkins L.L.P. that is filed as Exhibit 8.1 to the Registration Statement is confirmed, and KCA may rely upon such opinion as if it were addressed to them.

In addition, such counsel shall state that, because it has not conducted any independent investigation or verification with regard to the information set forth in the Registration Statement or the Prospectus (except to the extent set forth in paragraphs (6) above), such counsel is not (except as aforesaid) passing upon and does not assume any responsibility for the accuracy, completeness or fairness of the statements contained therein. Such counsel shall state it has participated, however, in conferences with officers and other representatives of the Company, representatives of the independent registered public accounting firm of the Company and KCA, at which the contents of the Registration Statement and the Prospectus and related matters were discussed. Based on the foregoing (reasonably relying as to factual matters in respect of the determination of materiality to a significant extent upon statements made by officers and other representatives of the Company), such counsel shall state no facts have come to such counsel’s attention that lead such counsel to believe that (i) the Registration Statement (other than (A) the financial statements and related schedules included or incorporated by reference therein, including the notes and schedules thereto and the auditors’ reports thereon, (B) the other financial, accounting, reserve and related statistical data included or incorporated by reference therein and (C) representations and warranties and other statements of fact included in the exhibits therein, as to which such counsel need not comment), as of the most recent Effective Date, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or (ii) the Prospectus (other than (A) the financial statements and related schedules included or incorporated by reference therein, including the notes and schedules thereto and the auditors’ reports thereon, (B) the other financial, accounting, reserve and related statistical data included or incorporated by reference therein and (C) representations and warranties and other statements of fact included in the exhibits therein, as to which such counsel need not comment), as of its date and as of the date of such opinion, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

Such counsel’s opinion may be limited to matters governed by the federal laws of the United States of America to the extent specifically referred to therein, the Delaware General Corporation Law, the Delaware LLC Act, the laws of the State of Texas, and the laws of the State of New York and such counsel need not express any opinion as to the law of any other jurisdiction. Such counsel need not express any opinion with respect to the title of any of the Vanguard Parties to any of their respective real or personal property, and such counsel need not express any opinion with respect to (i) any permits to own or operate any real or personal property or (ii) state or local taxes or tax statutes to which any of the members or shareholders of any of the Vanguard Parties may be subject.

---

**Opinion of Wyatt, Tarrant & Combs LLP, Counsel for the Company**

(1) each of VNG, AE and TEC (each, a “Covered Entity”) has been duly formed and is validly existing in good standing as a limited liability company under the laws of its state of formation, with full limited liability company power and authority to own, lease and operate its properties and to conduct its business in which it is engaged and to enter into and perform its obligations under the Operative Agreements other than the Company LLC Agreement, the VNR Finance Organizational Documents, the VNR Holdings LLC Agreement and the Permian LLC Agreement (the “Covered Agreements”), and is duly registered or qualified to do business as a foreign limited liability company and is in good standing under the laws of each jurisdiction which requires such registration or qualification;

(2) the Company directly owns 100% of the outstanding limited liability company interests in VNG; all such limited liability company interests have been duly authorized and validly issued in accordance with its limited liability company agreement and are fully paid (to the extent required in such limited liability company agreement) and nonassessable (except as such nonassessability may be affected by the applicable provisions of the limited liability company law applicable to VNG); and the Company directly owns all such limited liability company interests free and clear of all liens, encumbrances (except restrictions on transferability as described in the Prospectus and except for such liens as may be imposed or permitted under the Credit Agreement and the Term Loan), security interests, charges or claims (a) in respect of which a financing statement under the Uniform Commercial Code of the State of Delaware naming the Company as debtor is on file in the office of the Secretary of State of Delaware, or (b) otherwise known to us, without independent investigation, other than those created by or arising under the applicable provisions of the limited liability company law applicable to VNG;

(3) VNG directly owns 100% of the outstanding limited liability company interests in each of AE and TEC; all such limited liability company interests have been duly authorized and validly issued in accordance with the applicable Operating Subsidiary LLC Agreement and are fully paid (to the extent required in the applicable Operating Subsidiary LLC Agreement) and nonassessable (except as such nonassessability may be affected by the applicable provisions of the limited liability company law applicable to each of AE and TEC); and VNG directly owns all such limited liability company interests, free and clear of all liens, encumbrances (except (a) restrictions on transferability as described in the Prospectus, (b) the UCC-1 Financing Statement 2007-222614-12 dated February 28, 2007, filed with the Secretary of State of the Commonwealth of Kentucky and naming Citibank, N.A., as Administrative Agent, and (c) such liens as may be imposed or permitted or arise under the Credit Agreement and the Term Loan), security interests, charges or claims (i) in respect of which a financing statement under the Uniform Commercial Code of the Commonwealth of Kentucky naming VNG as debtor is on file in the office of the Secretary of State of the Commonwealth of Kentucky, or (ii) otherwise known to us, without independent investigation, other than those created by or arising under the applicable provisions of the respective limited liability company laws applicable to each of AE and TEC;

(4) each of the Covered Agreements to which any Covered Entity is a party has been duly authorized, executed and delivered by each such Covered Entity that is a party thereto;

(5) assuming the due authorization, execution and delivery by each of the Company, VNR Holdings, VNR Finance, and Permian and each other party thereto other than a Covered Entity, each of the Covered Agreements constitutes a valid and legally binding agreement of VNG, AE or TEC, as the case may be, enforceable against VNG, AE or TEC, as the case may be, in accordance with its respective terms; *provided* that with respect to each of the Covered Agreements, the enforceability thereof may be limited (a) by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws relating to or affecting creditors’ rights generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law), (b) public policy, applicable law relating to fiduciary duties, indemnification and contribution and an implied covenant of good faith and fair dealing and (c) in the case of the enforceability of equitable rights and remedies provided for in such agreements, equitable defenses and judicial discretion;

(6) (a) except for restrictions on transfer contained in the Covered Agreements or as described in the Prospectus, there are no preemptive rights or other rights under any of the Covered Agreements to subscribe for or to purchase, nor any restrictions upon the voting or transfer of, any equity securities of any Covered Entity; (b) to our knowledge, except as described in the Prospectus, no options, warrants or other rights to purchase, agreements or other obligations to issue, or rights to convert any obligations into or exchange any securities for limited liability company interests or other ownership interests in any Covered Entity are outstanding; and (c) to our knowledge, neither the filing of the Registration Statement nor the offering or sale of the Units as contemplated by the Equity Distribution Agreement gives rise to any rights for or relating to the registration of any Units or other securities of any Covered Entity, in the case of clauses (a) and (c), under the applicable Covered Agreement or the respective laws of the states of formation for each of VNG, AE and TEC;

(7) no consent, approval, authorization or order of or filing with any court or governmental agency or body is required for the execution, delivery and performance of any of the Covered Agreements by any Covered Entity that is a party thereto and the consummation of the transactions contemplated by the Equity Distribution Agreement and in the Prospectus, except in each case for such consents, approvals, authorizations, filing or orders (a) as have been obtained, (b) as may be made by the Company under the Act, the Exchange Act and applicable state securities or “Blue Sky” laws, as to which we express no opinion, (c) as may be required pursuant the statutes and regulations of the Commonwealth of Kentucky or the State of Tennessee relating to the licensing, transfer or operation of oil and/or gas wells, as to which we express no opinion, or (iv) the failure of which to obtain would not, individually or in the aggregate, have a Material Adverse Effect;

(8) none of the offering, issuance or sale of the Units, the application of the proceeds therefrom as described under the caption “Use of Proceeds” in the Prospectus, the execution, delivery or performance of the Equity Distribution Agreement by the Company or the consummation of any of the transactions contemplated therein, conflicts or will conflict with, or results or will result in a breach or violation of, a default under (or an event that, with notice or lapse of time or both would constitute such an event), or the imposition of any lien, charge or encumbrance upon any property or assets of any Covered Entity pursuant to, (a) the certificate of formation, limited liability company agreement, or other organizational documents of any Covered Entity, (b) the terms of any agreement or instrument filed as an exhibit to the Registration Statement or any document incorporated by reference into the Prospectus to which any Covered Entity is a party or bound or to which their property is subject, (c) the laws of the Commonwealth of Kentucky or the State of Tennessee or federal law, or (d)

any judgment, order or decree known to us that is applicable to any Covered Entity of any Kentucky, Tennessee or federal court or governmental agency or body having jurisdiction over any Covered Entity or any of their properties, excluding those conflicts, breaches, violations, defaults or liens, in the case of clauses (b), (c) or (d), that would not reasonably be expected to have a Material Adverse Effect or could not materially impair the ability of any of the Covered Entities to perform their obligations under the Equity Distribution Agreement; *provided, however*, that no opinion is expressed pursuant to this paragraph with respect to federal or state securities laws, tax laws or antifraud laws; and

(9) to our knowledge, there is no pending or threatened action, suit, proceeding, inquiry or investigation by or before any court or governmental or other regulatory or administrative agency, authority or body or any arbitrator involving any of the Vanguard Parties or their property of a character required to be disclosed in the Registration Statement that is not disclosed in the Prospectus.

---

### I. “Comfort Letter” from BDO USA, LLP

(1) In their opinion the audited financial statements and financial statement schedules included in or incorporated by reference into the Registration Statement and the Prospectus and reported on by them comply as to form in all material respects with the applicable accounting requirements of the Act and the Exchange Act and the related rules and regulations adopted by the Commission;

(2) on the basis of a reading of the latest unaudited financial statements made available by the Company and its subsidiaries; their limited review, in accordance with standards of the PCAOB as described in Statement on Auditing Standards No. 100, of the unaudited interim financial information for the six-month period ended [end date of the applicable quarterly period], and as at [end date of the applicable quarterly period],, carrying out certain specified procedures (but not an examination in accordance with generally accepted auditing standards) which would not necessarily reveal matters of significance with respect to the comments set forth in such letter; a reading of the minutes of the meetings of the members, directors and managers of the Company and its subsidiaries; and inquiries of certain officials of the Company who have responsibility for financial and accounting matters of the Company and its subsidiaries as to transactions and events subsequent to December 31, 201\_ , nothing came to their attention which caused them to believe that:

(a) any unaudited financial statements included in or incorporated by reference into the Registration Statement and the Prospectus do not comply as to form with applicable accounting requirements of the Act and with the related rules and regulations adopted by the Commission with respect to financial statements included in quarterly reports on Form 10-Q under the Exchange Act; and said unaudited financial statements are not in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited financial statements included in or incorporated by reference into the Registration Statement and the Prospectus; and

(b) with respect to the period subsequent to [end date of the applicable quarterly period], there were any changes, at a specified date not more than five days prior to the date of the letter, in the long-term debt or total liabilities of the Company and its subsidiaries or in the members’ equity of the Company or decreases in working capital of the Company and its subsidiaries as compared with the amounts shown on the [end date of the applicable quarterly period], consolidated balance sheet included in or incorporated by reference into the Registration Statement and the Prospectus, or for the period from [the day after the end date of the applicable quarterly period], to such specified date there were any decreases, as compared with the corresponding period in the preceding year, in total revenues or net income or in total or per unit amounts of net income or increases in operating expenses of the Company and its subsidiaries, except in all instances for changes or decreases set forth in such letter, in which case the letter shall be accompanied by an explanation by the Company as to the significance thereof unless said explanation is not deemed necessary by KCA;

(3) stating, as of the date thereof (or, with respect to matters involving changes or developments since the respective dates as of which specified financial information is given in the most recent Preliminary Prospectus, as of a date not more than three days prior to the date hereof), the conclusions and findings of such firm with respect to the financial information and other matters ordinarily covered by accountants’ “comfort letters” to underwriters in connection with registered public offerings, including providing “agreed upon procedures” as reasonably requested by KCA.

### II. “Comfort Letter” from Ernst & Young, LLP

(1) In their opinion the audited financial statements included in or incorporated by reference into the Registration Statement and the Prospectus and reported on by them comply as to form in all material respects with the applicable accounting requirements of the Act and the Exchange Act and the related rules and regulations adopted by the Commission;

(2) on the basis of a reading of the latest unaudited financial statements made available by Encore and its subsidiaries; their limited review, in accordance with standards of the PCAOB as described in Statement on Auditing Standards No. 100, of the unaudited interim financial information for the six-month period ended [end date of the applicable quarterly period], and as at [end date of the applicable quarterly period],, carrying out certain specified procedures (but not an examination in accordance with generally accepted auditing standards) which would not necessarily reveal matters of significance with respect to the comments set forth in such letter; a reading of the minutes of the meetings of the members, directors and managers of Encore and its subsidiaries; and inquiries of certain officials of the Encore who have responsibility for financial and accounting matters of Encore and its subsidiaries as to transactions and events subsequent to December 31, 2010, nothing came to their attention which caused them to believe that:

(a) any unaudited financial statements included in or incorporated by reference into the Registration Statement and the Prospectus [only as to the Encore financial statements] do not comply as to form with applicable accounting requirements of the Act and with the related rules and regulations adopted by the Commission with respect to financial statements included in quarterly reports on Form 10-Q under the Exchange Act; and said unaudited financial statements are not in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited financial statements included in or incorporated by reference into the Registration Statement and the Prospectus.

**Letter from D&M**

DeGolyer and MacNaughton confirms that they are independent petroleum engineers with respect to the Company and its subsidiaries and that they have evaluated the estimates of proved reserves and future net revenue (including discounted values thereof) attributable to interests of the Company and its subsidiaries in certain oil and gas properties, as disclosed in the Company's Annual Report on Form 10-K for the year ended December 31, 201\_ (the "D&M Reserve Report"), and states in effect that:

- (1) they are familiar with the standards pertaining to the estimating and auditing of oil and gas reserve information promulgated by the Commission. Neither they, nor to their knowledge, any of their employees, officers or directors, own interests in any Vanguard Party or any oil and gas properties covered by the D&M Reserve Report. They have not been employed by the Company or its subsidiaries on a contingent basis;
  - (2) in their opinion, the information relating to estimated proved reserves, estimated future net revenue from proved reserves, and present worth of estimated future net revenue from proved reserves contained in the D&M Reserve Report has been prepared in a manner consistent with the standards and definitions pertaining to the estimating and auditing of oil and gas reserve information promulgated by the Commission. Specifically, such information has been prepared in accordance with Paragraphs 10-13, 15, and 30(a)-(b) of Statement of Financial Accounting Standards No. 69 (November 1982) of the FASB and Rules 4-10(a) (1)-(13) of Regulation S-X and Rule 302(b) of Regulation S-K of the Commission;
  - (3) no additional information has been brought to their attention that would lead them to believe that there would be a material change in the estimates of proved reserves or future net revenues from proved reserves attributable to the interests of the Company and its subsidiaries in certain oil and gas properties covered by the D&M Reserve Report, notwithstanding those changes that would result from a change in product prices and reductions for production since December 31, 201\_; and
  - (4) KCA may rely upon their D&M Reserve Report in the same manner as if such report was addressed to them.
-

**Matters to be covered in Opinion and Negative Assurance Letter of  
Morrison & Foerster LLP, Counsel for Agent**

1. The Company is a limited liability corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.
2. The Distribution Agreement has been duly authorized, executed and delivered by the Company.
3. The Common Units have been duly authorized and, upon delivery to the Agent against payment therefor in accordance with the terms of the Distribution Agreement, will be validly issued, fully paid and nonassessable.
4. The Common Units conform in all material respects to the description thereof contained under the heading "Description of Our Common Units" in the Prospectus.
5. The Registration Statement has become effective under the Act, and we are not aware that any stop order suspending the effectiveness thereof has been issued or any proceedings for that purpose have been instituted or are pending or threatened under the Act. The Prospectus was filed in a manner and within the time period required by Rule 424 under the Act.
6. The Registration Statement, as of the effective date thereof, complied as to form in all material respects with the requirements of the Act (except as to the financial statements, supporting schedules, footnotes and other financial and statistical information included therein, as to which we express no opinion).

\*\*\*\*\*

We have participated in conferences with your representatives and with representatives of the Company, its counsel and its accountants concerning the Registration Statement and the Prospectus and have considered the matters required to be stated therein and the statements contained therein, although we have not independently verified the accuracy, completeness or fairness of such statements. Based upon and subject to the foregoing, nothing has come to our attention that leads us to believe that (i) the Registration Statement, at the time it became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, or (ii) the Prospectus, as of its date or as of the date hereof, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (it being understood that we have not been requested to and do not make any comment in this paragraph with respect to the financial statements, supporting schedules, footnotes and other financial, statistical and reserve information contained in the Registration Statement or the Prospectus).

---

Permitted Free Writing Prospectuses

None

---

Information Supplied by Agent

None

September 9, 2011

Vanguard Natural Resources, LLC  
5847 San Felipe, Suite 3000  
Houston, Texas 77057

Ladies and Gentlemen:

We have acted as counsel for Vanguard Natural Resources, LLC, a Delaware limited liability company (the "Company") in connection with the proposed issuance and sale from time to time by the Company of common units representing limited liability company interests in the Company having an aggregate offering price of up to \$200,000,000 (the "Units"), pursuant to that certain Amended and Restated Equity Distribution Agreement dated September 9, 2011 (the "Distribution Agreement") between the Company and Knight Capital Americas, L.P., as successor in interest to Knight Capital Markets LLC, a subsidiary of Knight Capital Group, Inc.

In rendering the opinions set forth below, we have examined (i) the Registration Statement on Form S-3 (File No. 333-159911) with respect to the Units being sold by the Company (the "Registration Statement"); (ii) the Prospectus dated August 5, 2009 (the "Base Prospectus") included in the Registration Statement; (iii) the Prospectus Supplement dated September 9, 2011 (the "Prospectus Supplement," and together with the Base Prospectus, the "Prospectus"); (iv) the Second Amended and Restated Limited Liability Company Agreement of the Company dated as of October 29, 2007, as amended; (v) the Distribution Agreement; (vi) resolutions of the Board of Directors of the Company dated July 29, 2009 and the pricing committee thereof dated September 9, 2011; and (vii) such other certificates, statutes and other instruments and documents as we consider appropriate for purposes of the opinions hereafter expressed.

In connection with this opinion, we have assumed that all Units will be issued and sold in compliance with applicable federal and state securities laws and in the manner stated in the Registration Statement and the Prospectus.

Based upon the foregoing and subject to the assumptions, exceptions, limitations and qualifications set forth herein, we are of the opinion that when the Units have been issued and delivered in accordance with terms of the Distribution Agreement, then the Units will be validly issued, fully paid and non-assessable, except as described in the Registration Statement and the Prospectus.

**Vinson & Elkins LLP Attorneys at Law**  
Abu Dhabi Austin Beijing Dallas Dubai Hong  
Kong Houston London  
Moscow New York Palo  
Alto Riyadh Shanghai Tokyo Washington

First City Tower, 1001 Fannin Street, Suite 2500  
Houston, TX 77002-6760  
**Tel** +1.713.758.2222 **Fax** +1.713.758.2346 **www.velaw.com**

The opinions expressed herein are qualified in the following respects:

A. We have assumed that (i) each document submitted to us for review is accurate and complete, each such document that is an original is authentic, each such document that is a copy conforms to an authentic original and all signatures on each such document are genuine and (ii) each certificate from governmental officials reviewed by us is accurate, complete and authentic, and all official public records are accurate and complete.

B. We express no opinion concerning the enforceability of indemnification provisions to the extent they purport to relate to liabilities resulting from or based upon negligence or any violation of federal or state securities or blue sky laws.

C. The foregoing opinions are limited to the laws of the Limited Liability Company Act of the State of Delaware, and the federal laws of the United States of America, including the applicable statutory provisions to these laws, the rules and regulations underlying such provisions, and the applicable judicial and regulatory determinations interpreting these laws. We are expressing no opinion as to the effect of the laws of any other jurisdiction, domestic or foreign.

We hereby consent to the filing of this opinion of counsel as Exhibit 5.1 to the Current Report on Form 8-K of the Company dated on or about the date hereof, to the incorporation by reference of this opinion of counsel into the Registration Statement and to the reference to our Firm under the heading "Legal Matters" in the Prospectus Supplement and the Base Prospectus. In giving this consent, we do not admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission issued thereunder.

Very truly yours,

/s/ VINSON & ELKINS L.L.P.

Vinson & Elkins L.L.P.

September 9, 2011

Vanguard Natural Resources, LLC  
5847 San Felipe, Suite 3000  
Houston, Texas 77057

Re: Vanguard Natural Resources, LLC Amended and Restated Equity Distribution Agreement

Ladies and Gentlemen:

We have acted as counsel for Vanguard Natural Resources, LLC (the "Company"), a Delaware limited liability company, with respect to certain legal matters in connection with the offer and sale by the Company of common units representing limited liability company interests in the Company having an aggregate offering price of up to \$200,000,000 pursuant to the Amended and Restated Equity Distribution Agreement dated September 9, 2011. We have also participated in the preparation of a Prospectus Supplement dated September 9, 2011 (the "Prospectus Supplement") and the Prospectus dated August 5, 2009 (the "Prospectus") forming part of the Registration Statement on Form S-3 (No. 333-159911) (the "Registration Statement") to which this opinion is an exhibit. In connection therewith, we prepared the discussions (the "Discussions") set forth under the caption "Material Tax Consequences" in the Prospectus and under the caption "Material Tax Considerations" in the Prospectus Supplement.

All statements of legal conclusions contained in the Discussions, unless otherwise noted, are our opinion with respect to the matters set forth therein as of the date hereof. In addition, we are of the opinion that the Discussions with respect to those matters as to which no legal conclusions are provided are accurate discussions of such federal income tax matters (except for the representations and statements of fact by the Company and its general partner, included in the Discussion, as to which we express no opinion).

We hereby consent to the filing of this opinion of counsel as Exhibit 8.1 to the Current Report on Form 8-K of the Company dated on or about the date hereof, to the incorporation by reference of this opinion of counsel into the Registration Statement and to the reference to our firm in the Prospectus Supplement and the Prospectus. In giving such consent, we do not admit that we are within the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the Commission issued thereunder.

Very truly yours,

/s/ VINSON & ELKINS L.L.P.

Vinson & Elkins L.L.P.

**Vinson & Elkins LLP Attorneys at Law**  
Abu Dhabi Austin Beijing Dallas Dubai Hong  
Kong Houston London  
Moscow New York Palo  
Alto Riyadh Shanghai Tokyo Washington

First City Tower, 1001 Fannin Street, Suite 2500  
Houston, TX 77002-6760  
**Tel**+1.713.758.2222 **Fax** +1.713.758.2346 **www.velaw.com**





## ***NEWS RELEASE***

### **Vanguard Natural Resources, LLC Enters Into an Amended and Restated Equity Distribution Agreement**

HOUSTON, September 12, 2011 -- (Business Wire) -- Vanguard Natural Resources, LLC (NYSE: VNR) ("Vanguard") announced today it has entered into an amended and restated equity distribution agreement (the "Agreement") with Knight Capital Americas, L.P., as successor in interest to Knight Capital Markets LLC ("KCA"), a subsidiary of Knight Capital Group, Inc. Under the terms of the Agreement, Vanguard has extended, for an additional three years, its existing agreement with KCA to act as Vanguard's exclusive distribution agent with respect to the issuance and sale of Vanguard common units up to an aggregate gross sales price of \$200 million. Of the \$200 million of the common units under the Agreement, \$115 million of the common units may be issued pursuant to Vanguard's existing shelf registration statement on Form S-3 (Registration No. 333-159911). Vanguard will file a new shelf registration statement upon the earlier of (i) August 4, 2012 or (ii) following the sale of \$115 million of the common units. Vanguard may from time-to-time propose transaction notices to KCA for the sale of units at an established minimum market price.

Richard A. Robert, Executive Vice-President and CFO of Vanguard, commented, "This program was put in place to provide Vanguard with additional financial flexibility to fund a portion of the purchase price on smaller acquisitions. Equity raised under this program comes at a cost substantially less than a marketed or overnight offering. This program is simply another financing tool to be used as we execute our acquisition strategy."

#### **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, South Texas and Mississippi. In addition, Vanguard owns 100% of the general partner of Encore Energy Partners LP (NYSE: ENP) ("Encore") and approximately 46% of the outstanding common units of Encore. Encore has oil and natural gas properties located 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. More information on Encore can be found at [www.encoreenp.com](http://www.encoreenp.com) and more information on Vanguard can be found at [www.vnrllc.com](http://www.vnrllc.com).

#### **Forward-Looking Statements**

We make statements in this news release that are considered forward-looking statements within the meaning of the Securities Exchange Act of 1934. These forward-looking statements are largely based on our expectations, which reflect estimates and assumptions made by our management. These estimates and assumptions reflect our best judgment based on currently known market conditions and other factors. Although we believe such estimates and assumptions to be reasonable, they are inherently uncertain and involve a number of risks and uncertainties that are beyond our control. In addition, management's assumptions about future events may prove to be inaccurate. Management cautions all readers that the forward-looking statements contained in this news release are not guarantees of future performance, and we cannot assure you that such statements will be realized or the forward-looking events and circumstances will occur. Actual results may differ materially from those anticipated or implied in the forward-looking statements due to factors listed in the "Risk Factors" section in our SEC filings and elsewhere in those filings. All forward-looking statements speak only as of the date of this news release. We do not intend to publicly update or revise any forward-looking statements as a result of new information, future events or otherwise.

#### **CONTACT: Vanguard Natural Resources, LLC**

Investor Relations  
Lisa Godfrey, 832-327-2234  
[investorrelations@vnrllc.com](mailto:investorrelations@vnrllc.com)

**SOURCE: Vanguard Natural Resources, LLC**