

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K/A

CURRENT REPORT

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

Date of Report (Date of earliest event reported): **February 12, 2015 (October 1, 2014)**

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))
-

As previously disclosed, Vanguard Natural Resources, LLC (“Vanguard” or the “Company”), through its wholly-owned subsidiary, Vanguard Operating, LLC (“Vanguard Operating”), completed the acquisition of natural gas, oil and natural gas liquids assets in the Piceance Basin in Colorado on September 30, 2014 (the “Piceance Acquisition”).

This current report on Form 8-K/A (“Amendment No. 2”) amends and supplements the Current Report on Form 8-K filed with the Securities and Exchange Commission (the “SEC”) by Vanguard on October 1, 2014, as amended by the Current Report on Form 8-K/A filed with the SEC by Vanguard on November 3, 2014 (“Amendment No. 1”), in connection with the Piceance acquisition. The Current Report on Form 8-K filed on October 1, 2014 is being amended by this Amendment No. 2 to update the unaudited pro forma financial information provided related to the Piceance Acquisition, which has been prepared in accordance with Article 11 of Regulation S-X. No other amendments to the Form 8-K filing on October 1, 2014, as amended by Amendment No. 1, are being made by this Amendment No. 2.

References in this current report to “us,” “we,” “our,” the “Company,” “Vanguard” or “VNR” are to Vanguard Natural Resources, LLC and its subsidiaries.

Item 9.01. Financial Statements and Exhibits.

(b) The following unaudited combined pro forma financial information of the Company and the notes thereto are included in Exhibit 99.1 hereto and are incorporated herein by reference:

- Unaudited pro forma combined statement of operations for the nine months ended September 30, 2014; and
- Unaudited pro forma combined statement of operations for the year ended December 31, 2013.

(c) The summary pro forma combined oil, natural gas and natural gas liquids reserve data is included in Exhibit 99.2 hereto and incorporated herein by reference.

(d) Exhibits

EXHIBIT NUMBER	DESCRIPTION
Exhibit 99.1	Unaudited pro forma combined financial information of Vanguard Natural Resources, LLC for the nine months ended September 30, 2014 and for the year ended December 31, 2013.
Exhibit 99.2	Summary Pro Forma Combined Oil, Natural Gas and Natural Gas Liquids Reserve Data.

SIGNATURES

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

VANGUARD NATURAL RESOURCES, LLC

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

February 12, 2015

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
Exhibit 99.1	Unaudited pro forma combined financial information of Vanguard Natural Resources, LLC for the nine months ended September 30, 2014 and for the year ended December 31, 2013.
Exhibit 99.2	Summary Pro Forma Combined Oil, Natural Gas and Natural Gas Liquids Reserve Data.

**Unaudited Pro Forma Combined
Statement of Operations
for the Nine Months Ended September 30, 2014
(in thousands)**

	Vanguard Historical	Pro forma adjustments Pinedale Acquisition (Note 2)	Pro forma adjustments Piceance Acquisition (Note 2)	Vanguard Pro forma
Revenues:				
Oil sales	\$ 211,197	\$ 2,145 ^(a)	\$ 14,977 ^(f)	\$ 228,319
Natural gas sales	201,175	8,533 ^(a)	57,518 ^(f)	267,226
NGLs sales	55,514	3,581 ^(a)	27,356 ^(f)	86,451
Net losses on commodity derivative contracts	(11,125)	—	—	(11,125)
Total revenues	456,761	14,259	99,851	570,871
Costs and expenses:				
Production:				
Lease operating expenses	95,726	4,178 ^(b)	13,628 ^(g)	113,532
Production and other taxes	46,693	1,607 ^(b)	5,394 ^(g)	53,694
Depreciation, depletion, amortization and accretion	150,798	5,287 ^(c)	31,213 ^(h)	187,298
Selling, general and administrative expenses	23,042	—	—	23,042
Total costs and expenses	316,259	11,072	50,235	377,566
Income from operations	140,502	3,187	49,616	193,305
Other income (expense):				
Interest expense	(49,529)	(988) ^(d)	(8,241) ⁽ⁱ⁾	(58,758)
Net losses on interest rate derivative contracts	(1,068)	—	—	(1,068)
Gain on acquisition of oil and natural gas properties	34,523	(32,114) ^(e)	427 ⁽ⁱ⁾	2,836
Other	54	—	—	54
Total other expense	(16,020)	(33,102)	(7,814)	(56,936)
Net income (loss)	124,482	(29,915)	41,802	136,369
Less: Distributions to Preferred unitholders	(11,507)	—	—	(11,507)
Net income (loss) attributable to Common and Class B unitholders	\$ 112,975	\$ (29,915)	\$ 41,802	\$ 124,862
Net income per Common and Class B unit:				
Basic	\$ 1.39			\$ 1.53
Diluted	\$ 1.38			\$ 1.53
Weighted average units outstanding:				
Common units – basic	80,957			80,957
Common units – diluted	81,231			81,231
Class B units – basic & diluted	420			420

**Unaudited Pro Forma Combined
Statement of Operations
for the Year Ended December 31, 2013
(in thousands)**

	<u>Vanguard Historical</u>	<u>Pro forma adjustments Pinedale Acquisition (Note 2)</u>	<u>Pro forma adjustments Piceance Acquisition (Note 2)</u>	<u>Vanguard Pro forma</u>
Revenues:				
Oil sales	\$ 268,922	\$ 22,384 ^(a)	\$ 28,318 ^(f)	\$ 319,624
Natural gas sales	124,513	108,821 ^(a)	75,632 ^(f)	308,966
NGLs sales	49,813	31,292 ^(a)	40,984 ^(f)	122,089
Net gains on commodity derivative contracts	11,256	—	—	11,256
Total revenues	<u>454,504</u>	<u>162,497</u>	<u>144,934</u>	<u>761,935</u>
Costs and expenses:				
Production:				
Lease operating expenses	105,502	46,465 ^(b)	17,102 ^(g)	169,069
Production and other taxes	40,430	18,925 ^(b)	5,377 ^(g)	64,732
Depreciation, depletion, amortization and accretion	167,535	50,569 ^(c)	59,095 ^(h)	277,199
Selling, general and administrative expenses	25,942	—	—	25,942
Total costs and expenses	<u>339,409</u>	<u>115,959</u>	<u>81,574</u>	<u>536,942</u>
Income from operations	<u>115,095</u>	<u>46,538</u>	<u>63,360</u>	<u>224,993</u>
Other income (expense):				
Other income	69	—	—	69
Interest expense	(61,148)	(10,542) ^(d)	(9,767) ⁽ⁱ⁾	(81,457)
Net losses on interest rate derivative contracts	(96)	—	—	(96)
Net gain on acquisition of oil and natural gas properties	5,591	—	—	5,591
Total other expense	<u>(55,584)</u>	<u>(10,542)</u>	<u>(9,767)</u>	<u>(75,893)</u>
Net income	59,511	35,996	53,593	149,100
Less: Distributions to Preferred unitholders	(2,634)	—	—	(2,634)
Net income attributable to Common and Class B unitholders	<u>\$ 56,877</u>	<u>\$ 35,996</u>	<u>\$ 53,593</u>	<u>\$ 146,466</u>
Net income per Common and Class B unit:				
Basic	<u>\$ 0.78</u>			<u>\$ 2.00</u>
Diluted	<u>\$ 0.77</u>			<u>\$ 1.99</u>
Weighted average units outstanding:				
Common units – basic	<u>72,644</u>			<u>72,644</u>
Common units – diluted	<u>72,992</u>			<u>72,992</u>
Class B units – basic & diluted	<u>420</u>			<u>420</u>

**NOTES TO UNAUDITED PRO FORMA
COMBINED FINANCIAL INFORMATION**

Note 1. Basis of Presentation

On December 30, 2013, Vanguard Natural Resources, LLC (“Vanguard” or the “Company”, or “we”) and its wholly-owned subsidiary, Encore Energy Partners Operating, LLC, entered into a purchase and sale agreement, dated December 23, 2013 to purchase natural gas and oil assets in the Pinedale and Jonah fields located in Southwestern Wyoming. We refer to this acquisition as the “Pinedale Acquisition.” We completed this acquisition on January 31, 2014 for an aggregate adjusted purchase price of \$555.6 million with an effective date of October 1, 2013. The purchase price was funded with borrowings under our reserve-based credit facility.

On September 16, 2014, the Company and its wholly-owned subsidiary, Vanguard Operating, LLC, entered into a purchase and sale agreement, dated September 15, 2014 with Bill Barrett Corporation to purchase natural gas, oil and natural gas liquids assets in the Piceance Basin in Colorado. We refer to this acquisition as the “Piceance Acquisition.” We completed this acquisition on September 30, 2014 for an aggregate adjusted purchase price of \$502.1 million, subject to additional customary post-closing adjustments to be determined based on an effective date of July 1, 2014. The purchase price was funded with borrowings under our reserve-based credit facility.

The following unaudited pro forma combined financial information is based on the historical consolidated financial statements of Vanguard, adjusted to reflect the Pinedale Acquisition and the Piceance Acquisition. The related pro forma adjustments are described below.

The unaudited pro forma combined statement of operations for the nine months ended September 30, 2014 and year ended December 31, 2013 give effect to Pinedale Acquisition and Piceance Acquisition as if these acquisitions had occurred on January 1, 2013.

The unaudited pro forma combined financial information should be read in conjunction with Vanguard's Form 10-Q for the quarter ended September 30, 2014 and Form 10-K for the year ended December 31, 2013.

The unaudited pro forma combined financial information is for informational purposes only and is not intended to represent or to be indicative of the combined results of operations or financial position that Vanguard would have reported had the Pinedale Acquisition been completed as of the dates set forth in this unaudited pro forma financial information and should not be taken as indicative of Vanguard's future performance for reasons, including, but not limited to, differences between the assumptions used to prepare the unaudited pro forma combined financial information and actual results.

Note 2. Pro Forma Adjustments

The measurement of the fair value at acquisition date of the assets acquired in the Piceance Acquisition as compared to the fair value of consideration transferred, adjusted for purchase price adjustments, resulted in goodwill of \$0.4 million, calculated in the following table, which was immediately impaired and recorded as a loss in current period earnings. The loss resulted primarily from the changes in oil and natural gas prices between the date the purchase and sale agreement was entered into and the closing date, which were used to value the reserves acquired.

	(in thousands)
Fair value of assets and liabilities acquired:	
Oil and natural gas properties	\$ 521,401
Asset retirement obligations	(19,452)
Imbalance and suspense liabilities	(236)
Total fair value of assets and liabilities acquired	501,713
Cash paid	508,710
Estimated post-close adjustments:	
Trade accounts receivable, net	(8,206)
Accrued lease operating liabilities	1,636
Total fair value of consideration transferred	502,140
Loss on acquisition	\$ (427)

The unaudited pro forma combined statement of operations for the nine months ended September 30, 2014 and year ended December 31, 2013 include adjustments to reflect the following:

- (a) Represents the increase in oil, natural gas and natural gas liquids sales resulting from the Pinedale Acquisition.
- (b) Represents the increase in lease operating expenses and production and other taxes resulting from the Pinedale Acquisition.
- (c) Represents the increase in depreciation, depletion, amortization and accretion resulting from the Pinedale Acquisition.
- (d) Represents the pro forma interest expense related to borrowings under the reserve-based credit facility to fund the Pinedale Acquisition.
- (e) Represents the elimination of the nonrecurring gain from the acquisition of oil, natural gas and natural gas liquids properties in the Pinedale Acquisition.
- (f) Represents the increase in oil, natural gas and natural gas liquids sales resulting from the Piceance Acquisition.
- (g) Represents the increase in lease operating expenses and production and other taxes resulting from the Piceance Acquisition.
- (h) Represents the increase in depreciation, depletion, amortization and accretion resulting from the Piceance Acquisition.
- (i) Represents the pro forma interest expense related to borrowings under the reserve-based credit facility to fund the Piceance Acquisition.
- (j) Represents the elimination of the nonrecurring loss from the acquisition of oil, natural gas and natural gas liquids properties in the Piceance Acquisition.

**Summary Pro Forma Combined
Oil, Natural Gas and Natural Gas Liquids
Reserve Data**

The following tables set forth summary pro forma information with respect to Vanguard's pro forma combined estimated net proved and proved developed natural gas, oil and natural gas liquids reserves as of December 31, 2013. This pro forma information gives effect to the Pinedale Acquisition and the Piceance Acquisition as if they occurred on January 1, 2013. Future exploration, exploitation and development expenditures, as well as future commodity prices and service costs, will affect the reserve volumes attributable to the acquired properties and the standardized measure of discounted future net cash flows.

Estimated changes in the quantities of natural gas, oil and natural gas liquids reserves for the year ended December 31, 2013 are as follows:

	Natural Gas (in MMcf)			
	Vanguard Historical	Pinedale Acquisition	Piceance Acquisition	Vanguard Pro forma Combined ^(a)
Net proved reserves				
January 1, 2013	546,513	605,911	319,171	1,471,595
Revisions of previous estimates	(9,589)	—	—	(9,589)
Extensions, discoveries and other	13,556	—	—	13,556
Purchases of reserves in place	86,245	—	—	86,245
Production	(50,236)	(32,156)	(25,171)	(107,563)
December 31, 2013	<u>586,489</u>	<u>573,755</u>	<u>294,000</u>	<u>1,454,244</u>
	Oil (in MBbls)			
	Vanguard Historical	Pinedale Acquisition	Piceance Acquisition	Vanguard Pro forma Combined ^(a)
Net proved reserves				
January 1, 2013	42,218	5,102	2,809	50,129
Revisions of previous estimates	(765)	—	—	(765)
Extensions, discoveries and other	303	—	—	303
Purchases of reserves in place	6,649	—	—	6,649
Production	(3,089)	(250)	(332)	(3,671)
December 31, 2013	<u>45,316</u>	<u>4,852</u>	<u>2,477</u>	<u>52,645</u>
	Natural Gas Liquids (in MBbls)			
	Vanguard Historical	Pinedale Acquisition	Piceance Acquisition	Vanguard Pro forma Combined ^(a)
Net proved reserves				
January 1, 2013	18,940	21,200	14,188	54,328
Revisions of previous estimates	4,836	—	—	4,836
Extensions, discoveries and other	343	—	—	343
Purchases of reserves in place	6,553	—	—	6,553
Production	(1,477)	(1,156)	(1,848)	(4,481)
December 31, 2013	<u>29,195</u>	<u>20,044</u>	<u>12,340</u>	<u>61,579</u>

- (a) Includes Vanguard's, the Pinedale Acquisition's and the Piceance Acquisition's estimated net proved and proved developed oil, natural gas and natural gas liquids reserves as of December 31, 2013.

	Vanguard Historical	Pinedale Acquisition	Piceance Acquisition	Vanguard Pro forma Combined ^(a)
Estimated proved reserves:				
Natural Gas (MMcf)	586,489	573,755	294,000	1,454,244
Oil (MBbls)	45,316	4,852	2,477	52,645
Natural Gas Liquids (MBbls)	29,195	20,044	12,340	61,579
MMcfe	1,033,555	723,131	382,902	2,139,588
Estimated proved developed reserves:				
Natural Gas (MMcf)	455,162	274,723	245,249	975,134
Oil (MBbls)	40,099	2,126	1,981	44,206
Natural Gas Liquids (MBbls)	18,962	9,586	10,294	38,842
MMcfe	809,528	344,995	318,899	1,473,422

- (a) Includes Vanguard's, the Pinedale Acquisition's and the Piceance Acquisition's estimated net proved and proved developed oil, natural gas and natural gas liquids reserves as of December 31, 2013.

The standardized measure of discounted future net cash flows relating to the combined proved oil, natural gas and natural gas liquids reserves at December 31, 2013 is as follows (in thousands):

	Vanguard Historical	Pinedale Acquisition	Piceance Acquisition	Vanguard Pro forma Combined ^(a)
Future cash inflows	\$ 6,670,299	\$ 2,290,161	\$ 1,908,366	\$ 10,868,826
Future production costs	(2,352,721)	(876,434)	(577,132)	(3,806,287)
Future development costs	(358,119)	(333,861)	(104,385)	(796,365)
Future net cash flows	3,959,459	1,079,866	1,226,849	6,266,174
10% annual discount for estimated timing of cash flows	(2,125,488)	(619,767)	(692,142)	(3,437,397)
Standardized measure of discounted future net cash flows	\$ 1,833,971	\$ 460,099	\$ 534,707	\$ 2,828,777

- (a) The pro forma standardized measure includes Vanguard, the Pinedale Acquisition and the Piceance Acquisition.

For the December 31, 2013 calculations in the preceding table, estimated future cash inflows from estimated future production of proved reserves were computed using the average oil and natural gas price based upon the 12-month average price of \$96.90 per barrel of crude oil and \$3.67 per MMBtu for natural gas adjusted for quality, transportation fees and a regional price differential, and the volume-weighted average price of \$36.28 per barrel of natural gas liquids. The natural gas liquids prices were calculated using the differentials for each property to West Texas Intermediate reference price of \$96.90. We may receive amounts different than the standardize measure of discounted cash flow for a number of reasons, including price changes and the effects of our hedging activities.

The following are the principal sources of change in the combined standardized measure of discounted future net cash flows for the year ended December 31, 2013 (in thousands):

	Vanguard Historical	Pinedale Acquisition	Piceance Acquisition	Vanguard Pro forma Combined ^(a)
Sales and transfers, net of production costs	\$ (297,316)	\$ (97,107)	\$ (122,455)	\$ (516,878)
Net changes in prices and production costs	(13,797)	—	—	(13,797)
Extensions discoveries and improved recovery, less related costs	24,110	—	—	24,110
Changes in estimated future development costs	43,496	—	—	43,496
Previously estimated development costs incurred during the period	56,661	—	—	56,661
Revision of previous quantity estimates	28,462	—	—	28,462
Accretion of discount	157,655	50,655	59,742	268,052
Purchases of reserves in place	333,530	—	—	333,530
Change in production rates, timing and other	(75,377)	—	—	(75,377)
Net change in standardized measure	257,424	(46,452)	(62,713)	148,259
Standardized measure, January 1, 2013	1,576,547	506,551	597,420	2,680,518
Standardized measure, December 31, 2013	<u>\$ 1,833,971</u>	<u>\$ 460,099</u>	<u>\$ 534,707</u>	<u>\$ 2,828,777</u>

(a) The pro forma standardized measure includes Vanguard, the Pinedale Acquisition and the Piceance Acquisition.