Supplemental Q4 and Full Year 2015 Earnings Results

VANGUARD NATURAL RESOURCES, LLC
NASDAQ: VNR

Fourth Quarter 2015 Highlights

- Successfully closed the LRR Energy, L.P. and the Eagle Rock Energy Partners, L.P. mergers during the fourth quarter of 2015.
- Reported average production of 511,119 Mcfe per day in the fourth quarter of 2015 was up 27% compared to 402,164 Mcfe per day produced in the fourth quarter of 2014 and a 32% increase compared to the third quarter of 2015. On a Mcfe basis, crude oil, natural gas and NGLs accounted for 18%, 64%, and 18% of our production, respectively.
- Adjusted EBITDA (a non-GAAP financial measure) increased 6% to $132.7 million from $125.6 million in the fourth quarter of 2014 and increased 50% compared to the $88.2 million recorded in the third quarter of 2015.
- Distributable Cash Flow Available to Common and Class B Unitholders (a non-GAAP financial measure) decreased 11% to $65.5 million compared to the $73.9 million generated in the fourth quarter of 2014 and increased 109% from the $31.3 million generated in the third quarter of 2015.
- We reported a net loss attributable to Common and Class B Unitholders for the quarter of $515.1 million or $(4.02) per basic unit after deducting distributions to Preferred Unitholders compared to a net loss of $66.8 million or $(0.80) per basic unit in the fourth quarter of 2014.
- Adjusted Net Income Available to Common and Class B Unitholders (a non-GAAP financial measure) was $63.0 million in the fourth quarter of 2015, or $0.49 per basic unit, as compared to $16.1 million, or $0.19 per basic unit, in the fourth quarter of 2014. The recent quarter includes net non-cash expenses of $566.4 million that are adjustments to arrive at Adjusted Net Income Available to Common and Class B Unitholders. The 2015 adjustments include a $484.9 million impairment charge on our oil and natural gas properties, a $71.4 million goodwill impairment loss and a $43.6 million loss from the change in fair value of commodity derivative contracts, offset by a $40.8 million net gain from our acquisitions and mergers. The fourth quarter of 2014 results include net non-cash expenses of $82.5 million.

Full Year 2015 Highlights

- Implemented a successful cost reduction initiative in which we reduced the lease operating expenses on our operated properties by approximately $20.6 million, or 20%, during 2015.

- Reported average production of 415,343 Mcfe per day in 2015 was up 27% compared to 327,109 Mcfe per day produced in 2014. On a Mcfe basis, crude oil, natural gas and natural gas liquids (“NGLs”) accounted for 16%, 70% and 14% of our production, respectively.

- Adjusted EBITDA (a non-GAAP financial measure) decreased 6% to $396.8 million from the $421.4 million generated in 2014.

- Distributable Cash Flow Available to Common and Class B Unitholders (a non-GAAP financial measure) decreased 23% to $164.6 million from the $214.9 million generated in 2014.

- We reported a net loss attributable to Common and Class B unitholders for the year ended December 31, 2015 of $1.9 billion or $(19.80) per basic unit compared to a net income of $46.1 million or $0.56 per basic unit in the year ended December 31, 2014.

- Adjusted Net Income Available to Common and Class B Unitholders (a non-GAAP financial measure) was $76.0 million in 2015, or $0.78 per unit, compared to $90.6 million, or $1.10 per unit, in 2014. The 2015 results include net non-cash losses of $2.0 billion that are adjustments to arrive at Adjusted Net Income Available to Common and Class B Unitholders. The 2015 adjustments include a $1.8 billion impairment charge on our oil and natural gas properties, a $71.4 million goodwill impairment loss and a $61.6 million loss from the change in fair value of commodity derivative contracts, offset by a $40.5 million net gain on acquisitions and mergers. The 2014 results include non-cash losses of $43.7 million.

Selected Summary Financials

	Three Months Ended December 31,		Year Ended December 31,	
	2015	2014	2015	2014
	($ in thousands, except per unit data)			
Production (Mcfe/d)	511,119	402,164	415,343	327,109
Oil, natural gas and natural gas liquids sales	$ 111,665	$ 156,727	$ 397,227	$ 624,613
Net gains on commodity derivative contracts	$ 66,855	$ 174,576	$ 169,416	$ 163,452
Operating expenses	$ 54,721	$ 51,970	$ 187,230	$ 194,389
Selling, general and administrative expenses	$ 28,837	$ 7,797	$ 55,076	$ 30,839
Depreciation, depletion, amortization, and accretion	$ 64,676	$ 76,139	$ 247,119	$ 226,937
Impairment of oil and natural gas properties	$ 484,855	$ 234,434	$ 1,842,317	$ 234,434
Goodwill impairment loss	$ 71,425	$ —	$ 71,425	$ —
Net income (loss) attributable to Common and Class B Unitholders	$ (515,111)	$ (66,828)	$ (1,909,933)	$ 46,148
Adjusted Net Income Available to Common and Class B Unitholders (1)	$ 62,982	$ 16,109	$ 75,977	$ 90,593
Adjusted Net Income Available to Common and Class B Unitholders, per unit(1)	$ 0.49	$ 0.19	$ 0.78	$ 1.10
Adjusted EBITDA(1)	$ 132,707	$ 125,647	$ 396,829	$ 421,445
Interest expense, including settlements paid on interest rate derivatives	$ 28,139	$ 21,245	$ 92,800	$ 73,800
Estimated maintenance capital expenditures	$ 32,426	$ 23,811	$ 112,639	$ 116,528
Distributions to Preferred Unitholders	$ 6,689	$ 6,690	$ 26,759	$ 18,197
Distributable Cash Flow Available to Common and Class B Unitholders (1)	$ 65,453	$ 73,901	$ 164,631	$ 214,870
Distributable Cash Flow per Common and Class B unit(1)	$ 0.50	$ 0.88	$ 1.78	$ 2.61
Common and Class B units distribution coverage(1)	2.82x	1.40x	1.44x	1.04x
Weighted average Common and Class B units outstanding at record date attributable to distribution period	130,896	83,962	92,461	82,238

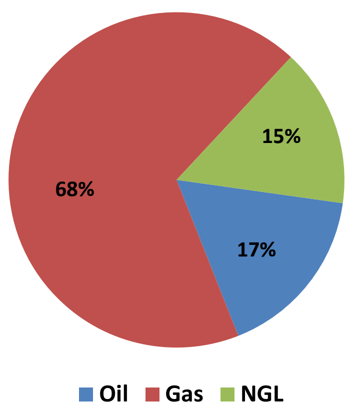
(1) Non-GAAP financial measures. Please see Adjusted EBITDA and Distributable Cash Flow Available to Common and Class B Unitholders table at the end of this presentation for a reconciliation of these measures to their nearest comparable GAAP measure.

2015 Reserve Summary

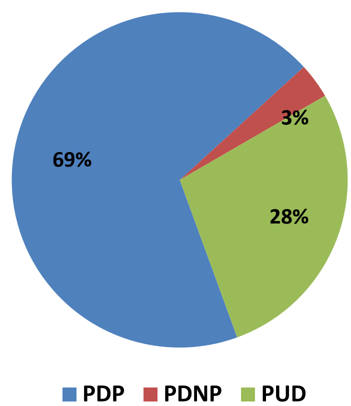
Reserve Summary (SEC Pricing)

Reserve Category	Oil (MMBbls)	Gas (Bcf)	NGLs (MMBbls)	Total (Bcfe)	Net Liquids (%)	PV-10 ($ MM)	PV-10 %
PDP	51.4	1,024.1	40.3	1,574.5	35%	1,441	84%
PDNP	3.5	45.9	1.8	77.9	41%	76	4%
PUD	9.1	484.2	16.2	636.5	24%	205	12%
Total Proved Reserves	**64.0**	**1,554.2**	**58.3**	**2,288.9**	**32%**	**1,722**	**100%**

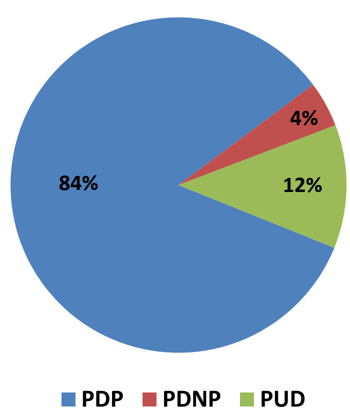
Reserves By Commodity



Reserves By Category



PV-10 By Category



Note: Proved reserves as of 12/31/15 and SEC pricing.

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2016 Outlook

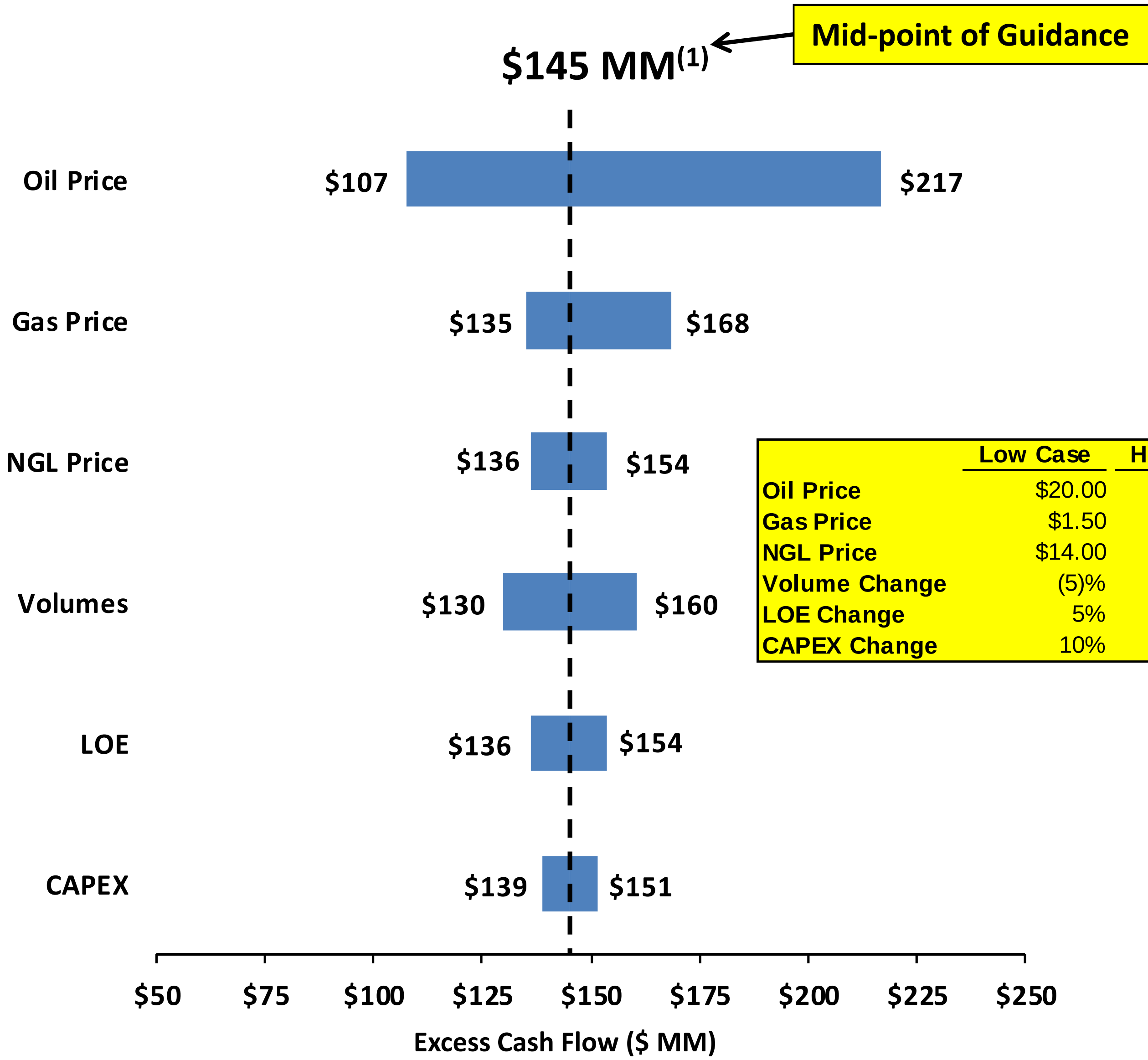
	FY 2016E		FY 2015
Net Production:			
Oil (Bbls/d)	12,800 -	14,200	10,982
Natural gas (Mcf/d)	280,000 -	310,000	292,095
Natural gas liquids (Bbls/d)	10,800 -	12,000	9,560
Total (Mcfe/d)	421,600	467,200	415,343
Costs:			
Lease operating expenses	$ 162,500 -	$ 179,000	$146,654
Production taxes	$ 35,000 -	$ 38,000	$40,576
G&A expenses (excluding non-cash compensation)	$ 40,000 -	$ 42,000	$36,554
Depreciation, depletion, amortization and accretion	$ 210,000 -	$ 245,000	$247,119
Costs per Mcfe:			
Lease operating expenses	$ 1.00 -	$ 1.10	$0.97
Production taxes (% of revenue)	11.0% -	12.0%	10.2%
G&A expenses (excluding non-cash compensation)	$ 0.24 -	$ 0.26	$0.24
Depreciation, depletion, amortization and accretion	$ 1.30 -	$ 1.50	$1.63
Cash Flow Calculation (in thousands):			
Adjusted EBITDA [(1)]	$360,000		$396,829
Interest expense, including settlements paid on interest rate derivatives	$(105,000)		$(92,800)
Capital expenditures [(2)]	$(63,000)		$(112,638)
Distributions to Preferred Unitholders[(3)]	$(2,230)		$(26,759)
Distributable cash flow	$189,770		$164,632
Excess of net cash after distributions to unitholders[(4)]	$145,000		$50,443
Mid-point adjusted net income per unit[(1)]	$0.10		$0.78
Units outstanding (millions)	131.1		92.5

Assumed NYMEX Pricing (February 29, 2016)[(5)]:	**Q1 2016**	**Q2 2016**	**Q3 2016**	**Q4 2016**
Oil ($/Bbl)	$31.20	$35.48	$38.48	$40.08
Natural gas ($/MMBtu)	$2.09	$1.80	$2.02	$2.26
Average NYMEX Differentials:				
Oil ($/Bbl)	$(7.50)	$(7.50)	$(7.50)	$(7.50)
Natural gas ($/MMBtu)	$(0.80)	$(0.80)	$(0.80)	$(0.80)
NGL realization as a percentage of crude oil NYMEX price[(6)]	24%	22%	22%	22%

Capital Expenditures Details (in thousands):	**Q1 2016**	**Q2 2016**	**Q3 2016**	**Q4 2016**
Operated	$(4,000)	$(7,500)	$(6,500)	$(5,500)
Non-Operated	$(15,500)	$(12,500)	$(6,000)	$(5,500)
Total Capital Expenditures	$(19,500)	$(20,000)	$(12,500)	$(11,000)

(1) Adjusted EBITDA and adjusted net income exclude the amortization of value on derivative contracts acquired (approximately $16.7 million for the FY 2016).
(2) Additional detail regarding the capital breakout by quarter is listed below.
(3) Reflects current monthly preferred distributions are suspended effective with the February 2016 distribution, which would have been paid in April 2016.
(4) Excess of net cash after distributions is net of any expected working capital adjustments and cash reserves and does not consider the payment of any accrued preferred distributions.
(5) NYMEX pricing includes actual settlements for January and February 2016.
(6) Assumes a weighted average product breakout of 24% ethane, 35% propane, 14% isobutane, 10% n-butane and 17% pentane.

Excess Cash Flow Sensitivities Chart



	Low Case	High Case
Oil Price	$20.00	$70.00
Gas Price	$1.50	$3.50
NGL Price	$14.00	$21.25
Volume Change	(5)%	5%
LOE Change	5%	(5)%
CAPEX Change	10%	(10)%

(1) Based on closing NYMEX futures strip pricing on February 29, 2016 of $36.53/Bbl and $2.05/Mcf for 2016.

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Commodity Hedge Summary (as of 2/29/16)

Percent Production Hedged

		Year 2016		Year 2017
Gas Production Hedged:				
% Anticipated Production Hedged		78 %		49 %
Weighted Average Price ($/MMBtu)	$	4.15	$	3.84
Oil Production Hedged:				
% Anticipated Production Hedged		67 %		21 %
Weighted Average Price ($/Bbl)	$	67.52	$	84.13
NGLs Production Hedged:				
% Anticipated Production Hedged		22 %		—
Weighted Average Price ($/Bbl)	$	30.31	$	—

Note: The weighted average price for oil and natural gas will fluctuate based on the value of existing three-way collars and short puts as the respective prices settle. The above weighted average prices are calculated based on forward commodity pricing as of February 29, 2016.

Natural Gas Hedge Positions (Full Year)

	Full Year 2016	Full Year 2017	Full Year 2018
Natural Gas Positions:			
Fixed Price Swaps:			
Notional Volume (MMBtu)	72,059,388	31,787,760	-
Fixed Price ($/MMBtu)	$4.38	$4.29	-
Three Way Collars:			
Notional Volume (MMBtu)	12,810,000	16,425,000	-
Floor Price ($/MMBtu)	$3.95	$3.92	-
Ceiling Price ($/MMBtu)	$4.25	$4.23	-
Put Sold ($/MMBtu)	$3.00	$3.37	-
Basis Swaps:			
Northwest Rockies Pipeline - NYMEX			
Notional Volume (MMBtu)	38,430,000	10,950,000	-
Fixed Price ($/MMBtu)	($0.20)	($0.22)	-
Houston Ship Channel - NYMEX			
Notional Volume (MMBtu)	982,206	-	-
Fixed Price ($/MMBtu)	($0.08)	-	-
TexOk - NYMEX			
Notional Volume (MMBtu)	286,027	-	-
Fixed Price ($/MMBtu)	($0.10)	-	-
WAHA - NYMEX			
Notional Volume (MMBtu)	1,608,814	-	-
Fixed Price ($/MMBtu)	($0.13)	-	-
Calls Sold:			
Notional Volume (MMBtu)	9,150,000	9,125,000	-
Fixed Price ($/MMBtu)	$4.25	$3.00	-
Swaptions:			
Notional Volume (MMBtu)	-	2,062,500	675,000
Fixed Price ($/MMBtu)	-	$2.74	$2.74
Puts Sold:			
Notional Volume (MMBtu)	1,830,000	1,825,000	-
Weighted Average Price ($/MMBtu)	$3.00	$3.50	-

Note: Hedge positions updated as of February 29, 2016.

Oil Hedge Positions (Full Year)

Oil Positions:	Full Year 2016	Full Year 2017	Full Year 2018
NYMEX Fixed Price Swaps:			
Notional Volume (Bbls)	1,875,531	749,698	-
Fixed Price ($/Bbl)	$84.01	$85.70	-
LLS Fixed Price Swaps:			
Notional Volume (Bbls)	-	168,000	-
Fixed Price ($/Bbl)	-	$91.25	-
Puts:			
Notional Volume (Bbls)	366,000	-	-
Fixed Price ($/Bbl)	$60.00	-	-
Three Way Collars:			
Notional Volume (Bbl)	1,061,400	-	-
Floor Price ($/Bbl)	$90.00	-	-
Ceiling Price ($/Bbl)	$96.18	-	-
Put Sold ($/Bbl)	$73.62	-	-
Basis Swaps:			
Midland-Cushing			
Notional Volume (Bbls)	968,700	-	-
Fixed Price ($/Bbl)	($1.01)	-	-
WTS-Cushing			
Notional Volume (Bbls)	219,600	-	-
Fixed Price ($/Bbl)	($0.43)	-	-
WTI-WCS			
Notional Volume (Bbls)	716,500	-	-
Fixed Price ($/Bbl)	($14.26)	-	-
Calls Sold:			
Notional Volume (Bbls)	622,200	365,000	-
Fixed Price ($/Bbl)	$56.35	$95.00	-
Puts Sold:			
Notional Volume (Bbls)	146,400	73,000	-
Weighted Average Price ($/Bbl)	$75.00	$75.00	-
Range Bonus Accumulators:			
Notional Volume (Bbl)	183,000	-	-
Bonus ($/Bbl)	$4.00	-	-
Range Ceiling ($/Bbl)	$100.00	-	-
Range Floor ($/Bbl)	$75.00	-	-

Note: Hedge positions updated as of February 29, 2016.

NGL Hedge Positions (Full Year)

	Full Year 2016	Full Year 2017	Full Year 2018
Natural Gas Liquids:			
Fixed Price Swaps			
Mont Belviu Propane			
Notional Volume (Bbls)	455,700	-	-
Fixed Price ($/Bbl)	$23.62	-	-
Mont Belviu N. Butane			
Notional Volume (Bbls)	201,300	-	-
Fixed Price ($/Bbl)	$28.54	-	-
Mont Belviu Isobutane			
Notional Volume (Bbls)	95,700	-	-
Fixed Price ($/Bbl)	$28.54	-	-
Mont Belviu N. Gasoline			
Notional Volume (Bbls)	154,200	-	-
Fixed Price ($/Bbl)	$53.50	-	-

Note: Hedge positions updated as of February 29, 2016.

VANGUARD NATURAL RESOURCES, LLC NASDAQ: VNR

Adjusted EBITDA

Adjusted EBITDA

Adjusted EBITDA is a significant performance metric used by management and by external users of our financial statements such as investors, research analysts and others to assess the financial performance of our assets without regard to financing methods, capital structure or historical cost basis; the ability of our assets to generate cash sufficient to pay interest costs and support our indebtedness; and our operating performance and return on capital as compared to those of other companies in our industry.

Adjusted EBITDA is not intended to represent cash flows for the period, nor is it presented as a substitute for net income, operating income, cash flows from operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP. Our Adjusted EBITDA excludes some, but not all, items that affect net income and operating income and these measures may vary among other companies. Therefore, our Adjusted EBITDA may not be comparable to similarly titled measures of other companies. For example, we fund premiums paid for derivative contracts, acquisitions of oil and natural gas properties, including the assumption of derivative contracts related to these acquisitions, and other capital expenditures primarily with proceeds from debt or equity offerings or with borrowings under our Reserve-Based Credit Facility. For the purposes of calculating Adjusted EBITDA, we consider the cost of premiums paid for derivatives and the fair value of derivative contracts acquired as part of a business combination as investments related to our underlying oil and natural gas properties; therefore, they are not deducted in arriving at our Adjusted EBITDA. Our Consolidated Statements of Cash Flows, prepared in accordance with GAAP, present cash settlements on matured derivatives and the initial cash outflows of premiums paid to enter into derivative contracts as operating activities. When we assume derivative contracts as part of a business combination, we allocate a part of the purchase price and assign them a fair value at the closing date of the acquisition. The fair value of the derivative contracts acquired is recorded as a derivative asset or liability and presented as cash used in investing activities in our Consolidated Statements of Cash Flows. As the volumes associated with these derivative contracts, whether we entered into them or we assumed them, are settled, the fair value is recognized in operating cash flows. Whether these cash settlements on derivatives are received or paid, they are reported as operating cash flows which may increase or decrease the amount we have available to fund distributions.

As noted above, for purposes of calculating Adjusted EBITDA, we consider both premiums paid for derivatives and the fair value of derivative contracts acquired as part of a business combination as investing activities. This is similar to the way the initial acquisition or development costs of our oil and natural gas properties are presented in our Consolidated Statements of Cash Flows; the initial cash outflows are presented as cash used in investing activities, while the cash flows generated from these assets are included in operating cash flows. The consideration of premiums paid for derivatives and the fair value of derivative contracts acquired as part of a business combination as investing activities for purposes of determining our Adjusted EBITDA differs from the presentation in our consolidated financial statements prepared in accordance with GAAP which (i) presents premiums paid for derivatives entered into as operating activities and (ii) the fair value of derivative contracts acquired as part of a business combination as investing activities.

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Distributable Cash Flow

Distributable Cash Flow Available to Common and Class B Unitholders

Distributable Cash Flow Available to Common and Class B Unitholders is used by management as a tool to measure (prior to the establishment of any cash reserves by our board of directors) the cash distributions we could pay our unitholders. Specifically, this financial measure indicates to investors whether or not we are generating cash flow at a level that can sustain or support an increase in our monthly distribution rates. However, Distributable Cash Flow Available to Common and Class B Unitholders should not be viewed as indicative of the amount that we plan to distribute for a given period. Distributable Cash Flow Available to Common and Class B Unitholders is not intended to be a substitute for net income, operating income, cash flows from operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP. Distributable Cash Flow Available to Common and Class B Unitholders is a metric commonly used by investors and the analyst community to assess our financial performance from period to period.

The amount of cash that we have available for distribution depends primarily on our cash flow, including cash from reserves and working capital or other borrowings, and not solely on our GAAP net income, which is affected by non-cash items. As a result, we may be unable to pay distributions even when we record net income, and we may be able to pay distributions during periods when we incur net losses. Our board of directors determines the appropriate level of distributions on a periodic basis in accordance with the provisions of our limited liability company agreement. Management considers the timing and size of capital expenditures and long-term views about expected results in determining the amount of distributions. Capital spending and the resulting production and net cash provided by operating activities do not typically occur evenly throughout the year due to a variety of factors which are difficult to predict, including rig availability, weather, well performance, the timing of completions and the commodity price environment. Consistent with practices common to publicly traded partnerships, our board of directors historically has not varied the distribution it declares period to period based on uneven available distributable cash flow. Our board of directors reviews historical financial results and forecasts for future periods, including development activities, as well as considers the impact of significant acquisitions in making a determination to increase, decrease or maintain the current level of distribution. In instances following acquisitions and development activities, our board of directors reviews any excess in distributable cash flows after distributions to unitholders in those periods, as well as forecasts of expected future net cash flows to determine if increases in distributions could be made. If shortfalls are sustained over time and forecasts demonstrate expectations for continued future shortfalls, our board of directors may determine to reduce, suspend or discontinue paying distributions. Our board of directors may decide to retain the excess in distributable cash flows after distributions to unitholders for our future operations, future capital expenditures, future debt service or other future obligations. Any shortfalls are funded with cash on hand and/or with borrowings under our reserve-based credit facility.

Adjusted Net Income

Adjusted Net Income Available to Common and Class B Unitholders

This information is provided because management believes exclusion of the impact of these items will help investors compare results between periods and identify operating trends that could otherwise be masked by these items and to highlight the significant fluctuations that commodity price volatility has on our results, particularly as it relates to unrealized changes in the fair value of our derivative contracts. Adjusted Net Income Available to Common and Class B Unitholders is not intended to represent cash flows for the period, nor is it presented as a substitute for net income (loss), operating income (loss), cash flows from operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP.

Adjusted EBITDA and Distributable Cash Flow (a)

	Three Months Ended December 31, 2015	Three Months Ended December 31, 2014	Year Ended December 31, 2015	Year Ended December 31, 2014
Net income (loss)	$ (508,422)	$ (60,138)	$ (1,883,174)	$ 64,345
Plus:				
Interest expense	25,880	20,236	87,573	69,765
Depreciation, depletion, amortization and accretion	64,676	76,139	247,119	226,937
Impairment of oil and natural gas properties	484,855	234,434	1,842,317	234,434
Goodwill impairment loss	71,425	—	71,425	—
Net gains on commodity derivative contracts	(66,855)	(174,577)	(169,416)	(163,452)
Net cash settlements paid on matured commodity derivative contracts [(b)(c)]	85,735	23,534	211,723	10,187
Net (gains) losses on interest rate derivative contracts[(d)]	(2,444)	865	(153)	1,933
Net gains on acquisitions of oil and natural gas properties	(40,817)	—	(40,533)	(34,523)
Texas margin taxes	114	(505)	(266)	(630)
Compensation related items	6,868	5,270	18,522	11,710
Transaction costs incurred on acquisitions	11,692	389	11,692	739
Adjusted EBITDA	**$ 132,707**	**$ 125,647**	**$ 396,829**	**$ 421,445**
Less:				
Interest expense, including settlements paid on interest rate derivatives	(28,139)	(21,245)	(92,800)	(73,800)
Estimated maintenance capital expenditures[(e)]	(32,426)	(23,811)	(112,639)	(116,528)
Distributions to Preferred Unitholders	(6,689)	(6,690)	(26,759)	(18,197)
Proceeds from sale of leasehold interests	—	—	—	1,950
Distributable Cash Flow Available to Common and Class B Unitholders	**$ 65,453**	**$ 73,901**	**$ 164,631**	**$ 214,870**
Distributions to Common and Class B Unitholders	23,234	52,896	114,189	207,035
Excess of distributable cash flow after distributions to Unitholders	**$ 42,219**	**$ 21,005**	**$ 50,442**	**$ 7,835**
Distributable Cash Flow per Common and Class B unit	**$ 0.50**	**$ 0.88**	**$ 1.78**	**$ 2.61**
Common and Class B unit Distribution Coverage	**2.82x**	**1.40x**	**1.44x**	**1.04x**

(a) Our Adjusted EBITDA should not be considered as an alternative to net income, operating income, cash flows from operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP. Our Adjusted EBITDA excludes some, but not all, items that affect net income and operating income and these measures may vary among other companies. Therefore, our Adjusted EBITDA may not be comparable to similarly titled measures of other companies.

	Three Months 2015	Three Months 2014	Year 2015	Year 2014
(b) Excludes premiums paid, whether at inception or deferred, for derivative contracts that settled during the period. We consider the cost of premiums paid for derivatives as an investment related to our underlying oil and natural gas properties.	$ 810	$ —	$ 5,434	$ —
(c) Excludes the fair value of derivative contracts acquired as part of prior period business combinations that apply to contracts settled during the period. We consider the amounts paid to sellers for derivative contracts assumed with business combinations a part of the purchase price of the underlying oil and natural gas properties.	$ 12,027	$ 4,834	$ 44,761	$ 21,306
(d) Includes settlements paid on interest rate derivatives	$ 2,259	$ 1,009	$ 5,227	$ 4,035

(e) Estimated maintenance capital expenditures are intended to represent the amount of capital required to offset the decrease in production from the prior year due to the decline in proved developed producing production. These costs, which are incorporated in our annual capital budget as approved by the board of directors, include development drilling, recompletions, workovers and various other procedures to generate new or improve existing production on both operated and non-operated properties. Actual production decline rates and capital efficiency may materially differ from our projections and such estimated maintenance capital expenditures may not maintain our production. Further, because estimated maintenance capital expenditures are not intended to target specific levels of reserves, if we do not acquire new proved or unproved reserves, our total reserves will decrease over time and we would be unable to sustain production at current levels, which could adversely affect our ability to pay a distribution at the current level or at all.

Adjusted Net Income

	Three Months Ended December 31, 2015	Three Months Ended December 31, 2014	Year Ended December 31, 2015	Year Ended December 31, 2014
Net Income (Loss) Attributable to Common and Class B Unitholders	$ (515,111)	$ (66,828)	$ (1,909,933)	$ 46,148
Plus (less):				
Change in fair value of commodity derivative contracts	43,613	(155,878)	61,627	(174,572)
Change in fair value of interest rate derivative contracts	(4,702)	(144)	(5,379)	(2,102)
Unrealized fair value of phantom units granted to officers	—	(699)	—	(837)
Fair value of derivative contracts acquired that apply to contracts settled during the period	12,027	4,834	44,761	21,306
Net gains on acquisitions of oil and natural gas properties	(40,817)	—	(40,533)	(34,523)
Impairment of oil and natural gas properties	484,855	234,434	1,842,317	234,434
Goodwill impairment loss	71,425	—	71,425	—
Transaction costs incurred on acquisitions and mergers	11,692	390	11,692	739
Adjusted Net Income Available to Common and Class B Unitholders	$ 62,982	$ 16,109	$ 75,977	$ 90,593
Net Income (Loss) Attributable to Common and Class B Unitholders, per unit	$ (4.02)	$ (0.80)	$ (19.80)	$ 0.56
Plus (less):				
Change in fair value of commodity derivative contracts	0.34	(1.85)	0.64	(2.13)
Change in fair value of interest rate derivative contracts	(0.04)	—	(0.06)	(0.03)
Unrealized fair value of phantom units granted to officers	—	(0.01)	—	(0.01)
Fair value of derivative contracts acquired that apply to contracts settled during the period	0.09	0.06	0.46	0.26
Net gains on acquisitions of oil and natural gas properties	(0.32)	—	(0.42)	(0.42)
Impairment of oil and natural gas properties	3.79	2.79	19.10	2.86
Goodwill impairment loss	0.56	—	0.74	—
Transaction costs incurred on acquisitions and mergers	0.09	—	0.12	0.01
Adjusted Net Income Available to Common and Class B Unitholders, per unit	$ 0.49	$ 0.19	$ 0.78	$ 1.10
Weighted average common and Class B units outstanding	128,025	83,974	96,468	82,031

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Coverage Ratio Calculation

Distribution Coverage Ratio

The coverage ratio is used to determine the amount of actual cash distributions the company makes, relative to the amount it could potentially pay out. The amount of distribution which could be paid out is referred to as Distributable Cash Flow. The coverage ratio is then calculated by dividing Distributable Cash Flow by the actual cash distribution.

	Three Months Ended				
	3/31/15	**6/30/15**	**9/30/15**	**12/31/15**	**FY 2015**
Adjusted EBITDA	$85,339	$90,579	$88,204	$132,707	$396,829
Interest expense, net	(21,179)	(21,364)	(22,118)	(28,139)	(92,800)
Maintenance capital expenditures	(25,069)	(27,031)	(28,113)	(32,426)	(112,639)
Distributions to preferred unitholders	(6,690)	(6,690)	(6,690)	(6,689)	(26,759)
Distributable cash flow	$32,401	$35,494	$31,283	$65,453	$164,631
Distributable cash flow per unit	$0.38	$0.41	$0.36	$0.50	$1.78
Distribution per unit	$0.3525	$0.3525	$0.3525	$0.1773	$1.23
Units outstanding (millions)	84.5	86.5	87.0	130.9	92.5
Distribution coverage ratio	1.09x	1.16x	1.02x	2.82x	1.44x

Production and Realized Pricing

	Three Months Ended December 31,[a] 2015	Three Months Ended December 31,[a] 2014	Percentage Increase / (Decrease)	Three Months Ended September 30,[a] 2015	Percentage Increase / (Decrease)
Average realized prices, excluding hedges:					
Oil (Price/Bbl)	$ 34.85	$ 63.39	(45)%	$ 40.10	(13)%
Natural Gas (Price/Mcf)	$ 1.57	$ 3.19	(51)%	$ 1.94	(19)%
NGLs (Price/Bbl)	$ 10.08	$ 17.37	(42)%	$ 8.86	14 %
Average realized prices, including hedges[b]:					
Oil (Price/Bbl)	$ 59.35	$ 78.97	(25)%	$ 53.66	11 %
Natural Gas (Price/Mcf)	$ 3.12	$ 3.52	(11)%	$ 3.17	(2)%
NGLs (Price/Bbl)	$ 12.62	$ 18.22	(31)%	$ 11.23	12 %
Average NYMEX prices:					
Oil (Price/Bbl)	$ 42.08	$ 72.68	(42)%	$ 46.39	(9)%
Natural Gas (Price/Mcf)	$ 2.23	$ 3.99	(44)%	$ 2.77	(19)%
Total production volumes:					
Oil (MBbls)	1,454	907	60 %	839	73 %
Natural Gas (MMcf)	29,970	26,386	14 %	26,242	14 %
NGLs (MBbls)	1,387	862	61 %	717	93 %
Combined (MMcfe)	47,023	36,999	27 %	35,574	32 %
Average daily production volumes:					
Oil (Bbls/day)	15,810	9,857	60 %	9,115	73 %
Natural Gas (Mcf/day)	325,754	286,805	14 %	285,236	14 %
NGLs (Bbls/day)	15,084	9,369	61 %	7,792	93 %
Combined (Mcfe/day)	511,119	402,164	27 %	386,679	32 %

(a) During 2015 and 2014, we acquired certain oil and natural gas properties and related assets. The operating results of these properties are included from the closing date of the acquisition forward.

(b) Excludes the premiums paid, whether at inception or deferred, for derivative contracts that settled during the period and the fair value of derivative contracts acquired as part of prior period business combinations that apply to contracts settled during the period.

Production and Realized Pricing

	Year Ended December 31, [a] 2015	2014	Percentage Increase (Decrease)
Average realized prices, excluding hedging:			
Oil (Price/Bbl)	$ 40.94	$ 81.40	(50)%
Natural Gas (Price/Mcf)	$ 1.81	$ 3.44	(47)%
NGLs (Price/Bbl)	$ 11.35	$ 25.55	(56)%
Average realized prices, including hedging[b]:			
Oil (Price/Bbl)	$ 56.89	$ 82.88	(31)%
Natural Gas (Price/Mcf)	$ 3.13	$ 3.50	(11)%
NGLs (Price/Bbl)	$ 13.68	$ 25.62	(47)%
Average NYMEX prices:			
Oil (Price/Bbl)	$ 47.79	$ 92.21	(48)%
Natural Gas (Price/Mcf)	$ 2.64	$ 4.39	(40)%
Total production volumes:			
Oil (MBbls)	4,008	3,301	21 %
Natural Gas (MMcf)	106,615	83,037	28 %
NGLs (MBbls)	3,489	2,759	26 %
Combined (MMcfe)	151,600	119,395	27 %
Average daily production volumes:			
Oil (Bbls/day)	10,982	9,043	21 %
Natural Gas (Mcf/day)	292,095	227,498	28 %
NGLs (Bbls/day)	9,560	7,559	26 %
Combined (Mcfe/day)	415,343	327,109	27 %

(a) During 2015 and 2014, we acquired certain oil and natural gas properties and related assets. The operating results of these properties are included from the closing date of the acquisition forward.

(b) Excludes the premiums paid, whether at inception or deferred, for derivative contracts that settled during the period and the fair value of derivative contracts acquired as part of prior period business combinations that apply to contracts settled during the period.

Statements of Operations

	Three Months Ended December 31,		Year Ended December 31,	
	2015	2014	2015	2014
Revenues:				
Oil sales	$ 50,686	$ 57,488	$ 164,111	$ 268,685
Natural gas sales	46,994	84,264	193,496	285,439
Natural gas liquids sales	13,985	14,975	39,620	70,489
Net gains on commodity derivative contracts	66,855	174,576	169,416	163,452
Total revenues	178,520	331,303	566,643	788,065
Costs and expenses:				
Production:				
Lease operating expenses	45,407	36,789	146,654	132,515
Production and other taxes	9,314	15,181	40,576	61,874
Depreciation, depletion, amortization and accretion	64,676	76,139	247,119	226,937
Impairment of oil and natural gas properties	484,855	234,434	1,842,317	234,434
Goodwill impairment loss	71,425	—	71,425	—
Selling, general and administrative expenses	28,837	7,797	55,076	30,839
Total costs and expenses	704,514	370,340	2,403,167	686,599
Income (loss) from operations	(525,994)	(39,037)	(1,836,524)	101,466
Other income (expense):				
Interest expense	(25,880)	(20,236)	(87,573)	(69,765)
Net gains (losses) on interest rate derivative contracts	2,444	(865)	153	(1,933)
Net gain on acquisitions of oil and natural gas properties	40,817	—	40,533	34,523
Other	191	—	237	54
Total other expense, net	17,572	(21,101)	(46,650)	(37,121)
Net income (loss)	(508,422)	(60,138)	(1,883,174)	64,345
Less: Distributions to Preferred unitholders	(6,689)	(6,690)	(26,759)	(18,197)
Net income (loss) attributable to Common and Class B unitholders	$ (515,111)	$ (66,828)	$ (1,909,933)	$ 46,148
Net income (loss) per Common and Class B unit				
Basic	$ (4.02)	$ (0.80)	$ (19.80)	$ 0.56
Diluted	$ (4.02)	$ (0.80)	$ (19.80)	$ 0.55
Weighted average units outstanding:				
Common units – basic	127,605	83,554	96,048	81,611
Common units – diluted	127,605	83,844	96,048	82,039
Class B units – basic & diluted	420	420	420	420

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Balance Sheets

	December 31, 2015	December 31, 2014
Assets	(Unaudited)	
Current assets		
Cash and cash equivalents	$ —	$ —
Trade accounts receivable, net	115,200	140,017
Derivative assets	236,886	142,114
Other currents assets	6,436	4,102
Total current assets	358,522	286,233
Oil and natural gas properties, at cost	4,961,218	4,140,527
Accumulated depletion, amortization and impairment	(3,239,242)	(1,164,721)
Oil and natural gas properties evaluated, net – full cost method	1,721,976	2,975,806
Other assets		
Goodwill	506,046	420,955
Derivative assets	80,161	83,583
Other assets	42,592	27,015
Total assets	$ 2,709,297	$ 3,793,592
Liabilities and members' equity (deficit)		
Current liabilities		
Accounts payable:		
Trade	$ 22,895	$ 15,118
Affiliates	1,757	823
Accrued liabilities:		
Lease operating	19,910	19,822
Developmental capital	26,726	24,706
Interest	11,958	11,517
Production and other taxes	40,472	29,981
Other	10,378	7,594
Derivative liabilities	356	3,583
Oil and natural gas revenue payable	44,823	40,117
Distributions payable	5,018	18,640
Other current liabilities	17,715	6,703
Total current liabilities	202,008	178,604
Long-term debt	2,291,636	1,932,816
Derivative liabilities	—	1,380
Asset retirement obligations	262,432	146,676
Other long-term liabilities	40,656	—
Total liabilities	2,796,732	2,259,476
Commitments and contingencies		
Members' equity (deficit)		
Cumulative Preferred units, 13,881,873 units issued and outstanding at December 31, 2015 and 2014	335,444	335,444
Members' (deficit) capital, 130,476,978 and 83,451,746 common units issued and outstanding at December 31, 2015 and 2014, respectively	(430,494)	1,191,057
Class B units, 420,000 issued and outstanding at December 31, 2015 and 2014	7,615	7,615
Total members' equity (deficit)	(87,435)	1,534,116
Total liabilities and members' equity (deficit)	$ 2,709,297	$ 3,793,592