

Vanguard Natural Resources, LLC  
Form SC 13D  
January 14, 2011

**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**SCHEDULE 13D**  
**(Rule 13d-101)**  
**INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT TO RULE 13d-1(a) AND**  
**AMENDMENTS THERETO**  
**FILED PURSUANT RULE 13d-2(a)**  
**Vanguard Natural Resources, LLC**

(Name of Issuer)  
Common Units

(Title of Class of Securities)  
92205F106

(CUSIP Number)  
Mark Allen, Denbury Resources Inc., 5320 Legacy Drive, Plano, TX 75024

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications)  
December 31, 2010

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check the following box.  
..

*Note.* Schedules filed in paper format shall include a signed original and five copies of the schedule including all exhibits. *See* § 240.13d-7 for other parties to whom copies are to be sent.

The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be filed for the purpose of Section 18 of the Securities Exchange Act of 1934 or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, *see the Notes*)

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CUSIP No. 92205F106

NAME OF REPORTING PERSON

1 I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY)

Denbury Resources Inc.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (SEE INSTRUCTIONS)

2  
(a) ☐  
(b) ☐

SEC USE ONLY

3

SOURCE OF FUNDS (SEE INSTRUCTIONS)

4  
SC

CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS  
2(d) OR 2(e)

5  
☐

CITIZENSHIP OR PLACE OF ORGANIZATION

6  
Delaware

SOLE VOTING POWER

7

NUMBER OF 3,137,255

SHARES SHARED VOTING POWER

BENEFICIALLY 8

OWNED BY 0

EACH SOLE DISPOSITIVE POWER

9

REPORTING

PERSON 3,137,255

WITH SHARED DISPOSITIVE POWER

10

0

11

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

3,137,255

12

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

o

13

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 11

APPROXIMATELY 10.6%

14

TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

CO

CUSIP No. 92205F106

NAME OF REPORTING PERSON

1 I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY)

Denbury Holdings Inc.

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (SEE INSTRUCTIONS)

2 (a) ☐  
(b) ☐

SEC USE ONLY

3

SOURCE OF FUNDS (SEE INSTRUCTIONS)

4 SC

CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

5 ☐

CITIZENSHIP OR PLACE OF ORGANIZATION

6 Delaware

SOLE VOTING POWER

7

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BENEFICIALLY 8

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o

13

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 11

APPROXIMATELY 10.6%

14

TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

CO

---

CUSIP No. 92205F106

NAME OF REPORTING PERSON

1 I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY)

Denbury Operating Company

CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (SEE INSTRUCTIONS)

2  
(a) ☐  
(b) ☐

SEC USE ONLY

3

SOURCE OF FUNDS (SEE INSTRUCTIONS)

4  
SC

CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS  
2(d) OR 2(e)

5  
☐

CITIZENSHIP OR PLACE OF ORGANIZATION

6  
Delaware

SOLE VOTING POWER

7

NUMBER OF 3,137,255

SHARES SHARED VOTING POWER

BENEFICIALLY 8

OWNED BY 0

EACH SOLE DISPOSITIVE POWER

9

REPORTING

PERSON 3,137,255

WITH SHARED DISPOSITIVE POWER

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0

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

3,137,255

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PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 11

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APPROXIMATELY 10.6%

TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

14

CO

---

CUSIP No. 92205F106

1 NAME OF REPORTING PERSON  
I.R.S. IDENTIFICATION NO. OF ABOVE PERSON (ENTITIES ONLY)

Denbury Onshore, LLC

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP\* (SEE INSTRUCTIONS)

(a) ☐  
(b) ☐

3 SEC USE ONLY

4 SOURCE OF FUNDS (SEE INSTRUCTIONS)

SC

5 CHECK IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS  
2(d) OR 2(e)

☐

6 CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

7 SOLE VOTING POWER

NUMBER OF 3,137,255

8 SHARES SHARED VOTING POWER  
BENEFICIALLY OWNED BY 0

9 EACH SOLE DISPOSITIVE POWER



REPORTING

PERSON 3,137,255

WITH SHARED DISPOSITIVE POWER

10

0

AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

11

3,137,255

CHECK IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES (SEE INSTRUCTIONS)

12

o

PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 11

13

APPROXIMATELY 10.6%

TYPE OF REPORTING PERSON (SEE INSTRUCTIONS)

14

OO

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CUSIP No. 92205F106

**Item 1. Security and Issuer.**

This Schedule 13D relates to common units representing limited liability company interests ( Common Units ) of Vanguard Natural Resources, LLC, a Delaware limited liability company (the Issuer ), whose principal executive offices are located at 5847 San Felipe, Suite 3000, Houston, Texas, 77057.

**Item 2. Identity and Background.**

(a) This Schedule 13D is filed by Denbury Resources Inc., a Delaware corporation (NYSE:DNR) ( Denbury ), Denbury Holdings, Inc., a Delaware corporation ( Denbury Holdings, f/k/a Denbury Encore Holdings, Inc.), Denbury Operating Company, a Delaware corporation ( Operating, f/k/a as EAP Properties, Inc.) , and Denbury Onshore, LLC, a Delaware limited liability company ( Onshore, as successor in interest to Encore Operating, L.P.), which are referred to herein collectively as the Reporting Persons.

Denbury is a publicly traded oil and natural gas company. Denbury is the sole stockholder of Denbury Holdings, and Denbury Holdings is the sole stockholder of Operating. Operating is the sole member of Onshore. Accordingly, the Reporting Persons are hereby filing a joint Schedule 13D.

(b) The business address of each of the Reporting Persons is 5320 Legacy Drive, Plano, TX 75024.

(c) The principal business of Denbury is to engage in the acquisition, development, operation and exploration of oil and natural gas properties. Denbury Holdings' principal business is to engage in any business permitted by the laws of the State of Delaware. Operating's principal business is to engage in any lawful act or activity for which a corporation may be organized under the Delaware General Corporation Law. Onshore's principal business is to engage in any lawful business, act or activity for which limited liability companies may be organized under the Delaware Limited Liability Company Act, as the same exists or may hereafter from time to time be amended.

(d) Negative with respect to the Reporting Persons.

(e) Negative with respect to the Reporting Persons.

(f) Not applicable.

In accordance with the provisions of General Instruction C to Schedule 13D, information concerning the executive officers, directors and each person controlling the Reporting Persons, as applicable (collectively, the Listed Persons ), required by Item 2 of this Schedule 13D is provided on Schedule 1 and is incorporated by reference herein. To the Reporting Persons' knowledge, none of the Listed Persons have been, during the last five years, (i) convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors), or (ii) a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

**Item 3. Source and Amount of Funds and Other Consideration.**

On November 16, 2010, Denbury, Encore Partners GP Holdings LLC, a Delaware limited liability company ( GP Holdings ), Encore Partners LP Holdings LLC, a Delaware limited liability company ( LP Holdings ), Encore Operating, L.P., a Texas limited partnership, Vanguard Natural Gas, LLC, a Kentucky limited liability company ( Vanguard ), and the Issuer entered into a Purchase Agreement (the Purchase Agreement ), whereby Denbury, GP Holdings, LP Holdings and Encore Operating, L.P. agreed to sell to Vanguard all of their respective interests in Encore Energy Partners LP (NYSE:ENP), a Delaware limited partnership, plus their interests in Encore Energy Partners GP LLC, a Delaware limited liability company as general partner of Encore Energy Partners LP (the Sale Transaction ). The Sale Transaction closed December 31, 2010, following the satisfaction of certain customary closing conditions by the parties to the Purchase Agreement.

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CUSIP No. 92205F106

As partial consideration for the Sale Transaction, the Issuer issued to Encore Operating, L.P. the Common Units which are the subject of this filing. Following the closing of the Sale Transaction, Encore Operating, L.P. dissolved and transferred the Common Units which are the subject of this filing to Onshore.

In connection with the closing of the Sale Transaction, the Issuer and Encore Operating, L.P. entered into a registration rights agreement dated as of December 31, 2010 (the "Registration Rights Agreement"). Pursuant to the Registration Rights Agreement, the Issuer is obligated to file a registration statement covering the potential sale of the Common Units which are the subject of this filing. In addition, the Registration Rights Agreement gives the Reporting Persons piggyback registration rights under certain circumstances. The Registration Rights Agreement also includes provisions dealing with indemnification and contribution and allocation of expenses.

The foregoing descriptions of the Purchase Agreement and the Registration Rights Agreement are qualified in their entirety by reference to the Purchase Agreement and the Registration Rights Agreement, which are attached hereto as Exhibits 99.1 and 99.2, respectively, and incorporated herein by reference.

**Item 4. Purpose of the Transaction.**

As stated above in Item 3, the Common Units were acquired by Encore Operating, L.P. pursuant to the Sale Transaction, and subsequently transferred to Onshore.

The following describes plans or proposals that the Reporting Persons may have with respect to the matters set forth in Item 4(a)-(j) of this Schedule 13D:

- (a) None.
- (b) None.
- (c) None.
- (d) None.
- (e) None.
- (f) None.
- (g) None.
- (h) None.
- (i) None.
- (j) None.

Except as stated above, no Reporting Person has any plans or proposals of the type referred to in clauses (a) through (j) of Item 4 of Schedule 13D, although each reserves the right to formulate such plans or proposals in the future. The Reporting Persons may change their plans or proposals in the future. In determining from time to time whether to sell the Common Units reported as beneficially owned in this Schedule 13D (and in what amounts) or to retain such securities, the Reporting Persons will take into consideration such factors as they deem relevant, including the business and prospects of the Issuer, anticipated future developments concerning the Issuer, existing and anticipated market conditions from time to time, general economic conditions, regulatory matters, the financial condition of the Reporting Persons, and other opportunities available to the Reporting Persons. The Reporting

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CUSIP No. 92205F106

Persons reserve the right to acquire additional securities of the Issuer in the open market, in privately negotiated transactions (which may be with the Issuer or with third parties) or otherwise, to dispose of all or a portion of their holdings of securities of the Issuer or to change their intention with respect to any or all of the matters referred to in this Item 4.

Depending on the factors described in the preceding paragraph, and other factors that may arise in the future, the Listed Persons may be involved in such matters and, depending on the facts and circumstances at such time, may formulate a plan with respect to such matters. In addition, the Listed Persons may entertain discussions with, and proposals to, the Issuer, to other unitholders of the Issuer or to third parties.

**Item 5. Interest in Securities of the Issuer.**

(a) (1) Denbury, as the direct owner of Denbury Holdings, and as the indirect owner of Operating and Onshore, may be deemed to be the beneficial owner of 3,137,255 Common Units, which represents approximately 10.6% of the outstanding Common Units (based upon calculations made in accordance with Rule 13d-3 ( Rule 13d-3 ) of the Securities Exchange Act of 1934, as amended, assuming that the number of Common Units outstanding consists of 26,352,499 Common Units outstanding as of November 1, 2010, as reported on the cover of the Issuer's Form 10-Q for the period ended September 30, 2010, plus the 3,137,255 Common Units issued as a result of the Sale Transaction).

(2) Denbury Holdings is the indirect beneficial owner of 3,137,255 Common Units, which represents approximately 10.6% of the outstanding Common Units (based on calculations made in accordance with Rule 13d-3, assuming that the number of Common Units outstanding consists of 26,352,499 Common Units outstanding as of November 1, 2010, as reported on the cover of the Issuer's Form 10-Q for the period ended September 30, 2010, plus the 3,137,255 Common Units issued as a result of the Sale Transaction).

(3) Operating is the indirect beneficial owner of 3,137,255 Common Units, which represents approximately 10.6% of the outstanding Common Units (based on calculations made in accordance with Rule 13d-3, assuming that the number of Common Units outstanding consists of 26,352,499 Common Units outstanding as of November 1, 2010, as reported on the cover of the Issuer's Form 10-Q for the period ended September 30, 2010, plus the 3,137,255 Common Units issued as a result of the Sale Transaction).

(4) Onshore is the direct and beneficial owner of 3,137,255 Common Units, which represents approximately 10.6% of the outstanding Common Units (based on calculations made in accordance with Rule 13d-3, assuming that the number of Common Units outstanding consists of 26,352,499 Common Units outstanding as of November 1, 2010, as reported on the cover of the Issuer's Form 10-Q for the period ended September 30, 2010, plus the 3,137,255 Common Units issued as a result of the Sale Transaction).

(b) The information set forth in Items 7 through 11 of the cover pages hereto is incorporated herein by reference. See Schedule 1 for the information applicable to the Listed Persons.

(c) Except as described in Item 3 above or elsewhere in this Schedule 13D, none of the Reporting Persons or, to the Reporting Persons' knowledge, the Listed Persons has effected any transactions in the Common Units during the past 60 days.

(d) The Reporting Persons have the right to receive distributions from, and the proceeds from the sale of, the Common Units reported by Denbury on the cover page of this Schedule 13D and in this Item 5. See Schedule 1 for the information applicable to the Listed Persons. The Reporting Persons may have the right to receive or the power to direct the receipt of dividends or distributions from, or the proceeds from the sale of, Common Units beneficially owned by the Reporting Persons. Except for the foregoing, no other person is known by the Reporting Persons to have the right to receive or the power to direct the receipt of dividends or distributions from, or the

CUSIP No. 92205F106

proceeds from the sale of, Common Units beneficially owned by the Reporting Persons or, to the Reporting Persons knowledge, the Listed Persons.

(e) Not applicable.

**Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.**

The information provided or incorporated by reference in Item 3 and Item 4 is hereby incorporated by reference herein.

**Item 7. Materials to be Filed as Exhibits.**

99.1\* Purchase Agreement by and among Denbury Resources Inc., Encore Partners GP Holdings LLC, Encore Partners LP Holdings LLC, Encore Operating, L.P., Vanguard Natural Gas, LLC and Vanguard Natural Resources, LLC, dated as of November 16, 2010.

99.2\* Registration Rights Agreement among Vanguard Natural Resources, LLC and Encore Operating L.P., dated as of December 31, 2010.

99.3\* Joint Filing Statement

\* Filed herewith

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**SIGNATURE**

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

Date: January 14, 2011

**Denbury Resources Inc.**

By: /s/ Mark Allen  
**Sr. Vice President and Chief Financial  
Officer**

**Denbury Holdings Inc.**

By: /s/ Mark Allen  
**Sr. Vice President and Chief Financial  
Officer**

**Denbury Operating Company**

By: /s/ Mark Allen  
**Sr. Vice President and Chief Financial  
Officer**

**Denbury Onshore, LLC**

By: /s/ Mark Allen  
**Sr. Vice President and Chief Financial  
Officer**

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**Schedule 1**  
**Listed Persons**

**(As of January 14, 2011)**

**Executive Officers of Denbury Resources Inc.**

Phil Rykhoek

c/o Denbury Resources Inc., 5320 Legacy Drive, Plano, Texas, 75024

Principal Occupation: Chief Executive Officer

Citizenship: USA

Amount Beneficially Owned: 0 Common Units

Ronald T. Evans

c/o Denbury Resources Inc., 5320 Legacy Drive, Plano, Texas, 75024

Principal Occupation: President and Chief Operating Officer

Citizenship: USA

Amount Beneficially Owned: 0 Common Units

Mark C. Allen

c/o Denbury Resources Inc., 5320 Legacy Drive, Plano, Texas, 75024

Principal Occupation: Senior Vice President and Chief Financial Officer

Citizenship: USA

Amount Beneficially Owned: 0 Common Units

Robert L. Cornelius

c/o Denbury Resources Inc., 5320 Legacy Drive, Plano, Texas, 75024

Principal Occupation: Senior Vice President Operations

Citizenship: USA

Amount Beneficially Owned: 0 Common Units

Dan E. Cole

c/o Denbury Resources Inc., 5320 Legacy Drive, Plano, Texas, 75024

Principal Occupation: Vice President Marketing

Citizenship: USA

Amount Beneficially Owned: 0 Common Units

Bradley A. Cox

c/o Denbury Resources Inc., 5320 Legacy Drive, Plano, Texas, 75024

Principal Occupation: Vice President Business Development

Citizenship: USA

Amount Beneficially Owned: 0 Common Units

H. Raymond Dubuisson

c/o Denbury Resources Inc., 5320 Legacy Drive, Plano, Texas, 75024

Principal Occupation: Vice President Legal

Citizenship: USA

Amount Beneficially Owned: 0 Common Units

Charlie Gibson

c/o Denbury Resources Inc., 5320 Legacy Drive, Plano, Texas, 75024

Principal Occupation: Vice President West Region

Citizenship: USA

Amount Beneficially Owned: 0 Common Units

Jeff Marcel

c/o Denbury Resources Inc., 5320 Legacy Drive, Plano, Texas, 75024

Principal Occupation: Vice President Drilling

Citizenship: USA

Amount Beneficially Owned: 0 Common Units

Alan Rhoades

c/o Denbury Resources Inc., 5320 Legacy Drive, Plano, Texas, 75024

Principal Occupation: Vice President Accounting, Chief Accounting Officer

Citizenship: USA

Amount Beneficially Owned: 0

Barry Schneider

c/o Denbury Resources Inc., 5320 Legacy Drive, Plano, Texas, 75024

Principal Occupation: Vice President East Region

Citizenship: USA

Amount Beneficially Owned: 0

John Filiatrault

c/o Denbury Resources Inc., 5320 Legacy Drive, Plano, Texas, 75024

Principal Occupation: Vice President CO2 Supply & Pipeline Operations

Citizenship: USA

Amount Beneficially Owned: 0

Greg Dover

c/o Denbury Resources Inc., 5320 Legacy Drive, Plano, Texas, 75024

Principal Occupation: Vice President North Region

Citizenship: USA

Amount Beneficially Owned: 0

Whitney M. Shelley

c/o Denbury Resources Inc., 5320 Legacy Drive, Plano, Texas, 75024

Principal Occupation: Vice President Human Resources

Citizenship: USA

Amount Beneficially Owned: 0

**Board of Directors of Denbury Resources Inc.**

Wieland Wettstein

c/o Denbury Resources Inc., 5320 Legacy Drive, Plano, Texas, 75024

Principal Occupation: Chairman of the Board, President of Finex Financial Corporation Ltd.

Citizenship: USA

Amount Beneficially Owned: 0

Michael L. Beatty

c/o Denbury Resources Inc., 5320 Legacy Drive, Plano, Texas, 75024

Principal Occupation: Chairman and Chief Executive Officer of Beatty & Wozniak, P.C.

Citizenship: USA

Amount Beneficially Owned: 0

Michael B. Decker

c/o Denbury Resources Inc., 5320 Legacy Drive, Plano, Texas, 75024

Principal Occupation: Principle with Wingate Partners

Citizenship: USA

Amount Beneficially Owned: 0 Common Units

Ronald G. Greene

c/o Denbury Resources Inc., 5320 Legacy Drive, Plano, Texas, 75024





Principal Occupation: Principal Stockholder and Officer and Director of Tortuga Investment Corp.

Citizenship: USA

Amount Beneficially Owned: 0 Common Units

David I. Heather

c/o Denbury Resources Inc., 5320 Legacy Drive, Plano, Texas, 75024

Principal Occupation: Independent Consultant

Citizenship: USA

Amount Beneficially Owned: 0 Common Units

Gary L. McMichael

c/o Denbury Resources Inc., 5320 Legacy Drive, Plano, Texas, 75024

Principal Occupation: Independent Consultant

Citizenship: USA

Amount Beneficially Owned: 0

Gareth Roberts

c/o Denbury Resources Inc., 5320 Legacy Drive, Plano, Texas, 75024

Principal Occupation: Geological Advisor for Denbury Resources Inc. and Non-Executive Chairman of Petro Harvester Oil & Gas, LLC

Citizenship: USA

Amount Beneficially Owned: 0

Randy Stein

c/o Denbury Resources Inc., 5320 Legacy Drive, Plano, Texas, 75024

Principal Occupation: Independent Consultant

Citizenship: USA

Amount Beneficially Owned: 0

**Executive Officers of Denbury Holdings Inc.**

Phil Rykhoek

Chief Executive Officer

(see above)

Ronald T. Evans

President and Chief Operating Officer

(see above)

Robert L. Cornelius

Senior Vice President Operations, Assistant Secretary

(see above)

Mark C. Allen

Senior Vice President, Chief Financial Officer, Treasurer, Assistant Secretary

(see above)

H. Raymond Dubuisson

Vice President Legal, Secretary

(see above)

Alan Rhoades

Vice President Accounting, Chief Accounting Officer

(see above)

**Directors of Denbury Holdings Inc.**

Phil Rykhoek

(see above)

Ronald T. Evans

(see above)

Robert L. Cornelius

(see above)

Mark C. Allen

(see above)

**Executive Officers of Denbury Operating Company (f/k/a EAP Properties, Inc.)**

Phil Rykhoek

Chief Executive Officer

(see above)

Ronald T. Evans

President and Chief Operating Officer

(see above)

Mark C. Allen

Senior Vice President and Chief Financial Officer

(see above)

Robert L. Cornelius

Senior Vice President Operations

(see above)

Dan E. Cole

Vice President Marketing

(see above)

Bradley A. Cox

Vice President Business Development

(see above)

H. Raymond Dubuisson

Vice President Legal

(see above)

Charlie Gibson

Vice President West Region

(see above)

Jeff Marcel

Vice President Drilling

(see above)

Alan Rhoades

Vice President Accounting, Chief Accounting Officer

(see above)

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Barry Schneider

Vice President East Region

(see above)

John Filiatrault

Vice President CO2 Supply & Pipeline Operations

(see above)

Greg Dover

Vice President North Region

(see above)

Whitney M. Shelley

Vice President Human Resources

(see above)

**Directors of Denbury Operating Company (f/k/a EAP Properties, Inc.)**

Phil Rykhoek

(see above)

Ronald T. Evans

(see above)

Robert L. Cornelius

(see above)

Mark C. Allen

(see above)

**Executive Officers of Denbury Onshore, LLC**

Phil Rykhoek

Chief Executive Officer

(see above)

Ronald T. Evans

President and Chief Operating Officer

(see above)

Mark C. Allen

Senior Vice President and Chief Financial Officer

(see above)

Robert L. Cornelius

Senior Vice President Operations

(see above)

Dan E. Cole

Vice President Marketing

(see above)

Bradley A. Cox

Vice President Business Development

(see above)

---

H. Raymond Dubuisson

Vice President    Legal

(see above)

Charlie Gibson

Vice President    West Region

(see above)

Jeff Marcel

Vice President    Drilling

(see above)

Alan Rhoades

Vice President    Accounting, Chief Accounting Officer

(see above)

Barry Schneider

Vice President    East Region

(see above)

John Filiatrault

Vice President    CO2 Supply & Pipeline Operations

(see above)

Greg Dover

Vice President    North Region

(see above)

Whitney M. Shelley

Vice President    Human Resources

(see above)

**Managers of Denbury Onshore, LLC**

Phil Rykhoek

(see above)

Ronald T. Evans

(see above)

Robert L. Cornelius

(see above)

Mark C. Allen

(see above)

\*    Unless  
      otherwise  
      indicated, the  
      Listed Person  
      has sole power  
      to vote or direct  
      the vote and  
      sole power to  
      dispose or to  
      direct the  
      disposition of  
      the Common  
      Units.

**AGREEMENT OF JOINT FILING**

Pursuant to Rule 13d-1(k) promulgated under the Securities Exchange Act of 1934, as amended, the undersigned persons hereby agree to file with the Securities and Exchange Commission, the Statement on Schedule 13D (the Statement ) to which this Agreement is attached as an exhibit, and agree that such Statement, as so filed, is filed on behalf of each of them.

This Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original, and all of which together shall be deemed to constitute one and the same instrument.

IN WITNESS WHEREOF, the undersigned have executed this Agreement.

Date: January 14, 2011

**Denbury Resources Inc.**

By: /s/ Mark Allen  
**Sr. Vice President and Chief Financial  
Officer**

**Denbury Holdings Inc.**

By: /s/ Mark Allen  
**Sr. Vice President and Chief Financial  
Officer**

**Denbury Operating Company**

By: /s/ Mark Allen  
**Sr. Vice President and Chief Financial  
Officer**

**Denbury Onshore, LLC**

By: /s/ Mark Allen  
**Sr. Vice President and Chief Financial  
Officer**

**EXHIBIT INDEX**

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- 99.2 Registration Rights Agreement among Vanguard Natural Resources, LLC and Encore Operating L.P., dated as of December 31, 2010.
- 99.3 Joint Filing Statement