

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM S-8  
REGISTRATION STATEMENT**

UNDER  
THE SECURITIES ACT OF 1933

**Constellation Energy Partners LLC**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**11-3742489**  
(I.R.S. Employer  
Identification No.)

**100 Constellation Way**  
**Baltimore, Maryland**  
(Address of Principal Executive Offices)

**21202**  
(Zip Code)

**Inducement Award Agreement dated May 1, 2009 between Constellation Energy Partners LLC  
and Stephen R. Brunner**

**Inducement Award Agreement dated May 1, 2009 between Constellation Energy Partners LLC  
and Charles C. Ward**

**Inducement Award Agreement dated May 1, 2009 between Constellation Energy Partners LLC  
and Lisa J. Mellencamp**

**Inducement Award Agreement dated May 1, 2009 between Constellation Energy Partners LLC  
and Michael B. Hiney**  
(Full title of the plan)

**Charles C. Ward**  
**Chief Financial Officer and Treasurer**  
**Constellation Energy Partners LLC**  
**100 Constellation Way**  
**Baltimore, Maryland 21202**  
(Name and address of agent for service)

**(410) 468-3500**  
(Telephone number, including area code, of agent for service)

**Copies to:**

**G. Michael O'Leary**  
**Timothy C. Langenkamp**  
**Andrews Kurth LLP**  
**600 Travis, Suite 4200**  
**Houston, Texas 77002**  
**(713) 220-4200**

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☒

Non-accelerated filer ☐

Smaller reporting company ☐

**CALCULATION OF REGISTRATION FEE**

Title of securities to be registered	Amount to be registered (1)(2)	Proposed maximum offering price per share (3)	Proposed maximum aggregate offering price	Amount of registration fee
Common units representing limited liability company interests	300,000 common units	\$2.64	\$792,000	\$44.19

- Pursuant to Rule 416(a) under the Securities Act, there is also being registered such additional number of common units that become available under the inducement grants because of events such as recapitalizations, stock dividends, stock splits or similar transactions effected without the receipt of consideration that increases the number of outstanding common units.
- Represents common units to be issued under the inducement grants.
- Estimated solely for the purpose of determining the amount of the registration fee in accordance with Rule 457(c) and (h) under the Securities Act of 1933, as amended, and based on the average of the high and low prices of the common units as reported by NYSE Arca on April 28, 2009.

## EXPLANATORY NOTE

This registration statement is filed by Constellation Energy Partners LLC (the “Company”) to register securities pursuant to the previously announced stand-alone restricted unit grants made on May 1, 2009 to Stephen R. Brunner, the Company’s President, Chief Executive Officer and Chief Operating Officer, Charles C. Ward, the Company’s Chief Financial Officer and Treasurer, Lisa J. Mellencamp, the Company’s General Counsel and Secretary, and Michael B. Hiney, the Company’s Chief Accounting Officer and Controller. The restricted unit grants were issued as “employment inducement awards” under the rules of the NYSE Arca, Inc. and, as such, are not subject to approval by the Company’s unitholders.

## PART II

### INFORMATION REQUIRED IN THE REGISTRATION STATEMENT

#### Item 3. Incorporation of Documents by Reference.

The Company incorporates by reference in this registration statement the following documents and information previously filed with the Commission:

- (1) The Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2008, filed with the Commission on February 27, 2009 (File No. 001-33147).
- (2) All other reports filed by the Registrant pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), since December 31, 2008.
- (3) The description of the Company’s common units contained in the Company’s Registration Statement on Form 8-A (File No. 001-33147) as filed by the Company with the Commission on November 13, 2006, and any amendment or report filed for the purpose of updating that description.

All documents filed with the Commission by the Company pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (excluding any information furnished pursuant to Item 2.02 and Item 7.01 on any current report on Form 8-K), subsequent to the date of this registration statement and prior to the filing of a post-effective amendment that indicates that all securities offered have been sold or that deregisters all securities then remaining unsold, shall be deemed to be incorporated by reference in this registration statement and to be a part hereof from the date of filing of such documents.

Any statement contained herein or in a document incorporated or deemed to be incorporated herein by reference shall be deemed to be modified or superseded for purposes of this registration statement to the extent that a statement contained herein or in any subsequently filed document that also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this registration statement.

#### Item 4. Description of Securities.

Not applicable.

#### Item 5. Interests of Named Experts and Counsel.

The legality of the common units offered hereby is being passed upon for us by Andrews Kurth LLP. Attorneys at the law firm of Andrews Kurth LLP beneficially own 18,000 common units.

#### Item 6. Indemnification of Directors and Officers.

Section 18-108 of the Delaware Limited Liability Company Act empowers a Delaware limited liability company to indemnify and hold harmless any member or manager or other person from and against all claims and demands whatsoever. Section 7.7(a) of our Second Amended and Restated Operating Agreement, as amended (the “LLC Agreement”), provides that to the fullest extent permitted by law as it currently exists and to such greater extent as applicable law hereafter may permit, but subject to the limitations expressly provided in the LLC Agreement, we shall indemnify any person who was or is a party or is threatened to be made a party to, or otherwise requires representation of counsel in connection with, any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (including an action by or in the right of the Company) by reason of the fact that such person (i) is or was our manager or officer, or, while serving as our manager or officer, is or was serving as a tax matters partner, or, (ii) is or was our member, partner, manager,

director, officer, fiduciary or trustee or that of any of our subsidiaries or, (iii) at our request, served as a director, manager, officer, tax matters partner, fiduciary or trustee of any other person (each an “Indemnitee”) or by reason of any action alleged to have been taken or omitted in such capacity, against losses, expenses (including attorneys’ fees), judgments, fines, damages, penalties, interest, liabilities and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding, provided that the Indemnitee shall not be indemnified and held harmless if there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that, in respect of the matter for which the Indemnitee is seeking indemnification pursuant to Section 7.7(a) of the LLC Agreement, the Indemnitee acted in bad faith or engaged in fraud, willful misconduct or, in the case of a criminal matter, acted with knowledge that the Indemnitee’s conduct was unlawful.

Any indemnification pursuant to Section 7.7 of the LLC Agreement shall be made only out of our assets, and our members shall not be personally liable for such indemnification and shall have no obligation to contribute or loan any monies or property to us to enable us to effectuate such indemnification. Additionally, any indemnification pursuant to Section 7.7 of the LLC Agreement shall be in addition to any other rights to which an Indemnitee may be entitled under any agreement, pursuant to any vote of the holders of our outstanding limited liability company interests, excluding any limited liability company interests held by us or our subsidiaries and any limited liability company interests held by a group or person who holds more than 20% of any class of our limited liability company interests, as a matter of law or otherwise, both as to actions in the Indemnitee’s capacity as an Indemnitee and as to actions in any other capacity, and shall continue as to an Indemnitee who has ceased to serve in such capacity and shall inure to the benefit of the heirs, successors, assigns and administrators of the Indemnitee.

Section 7.7 further provides that expenses (including attorneys’ fees) incurred by an Indemnitee in defending any action, suit or proceeding referred to in Section 7.7(a) shall be paid by us, when and as incurred, in advance of the final disposition of such action, suit or proceeding and in advance of any determination that such Indemnitee is not entitled to be indemnified, upon receipt of an undertaking by or on behalf of such Indemnitee to repay such amount if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such person is not entitled to be indemnified by us as authorized in Section 7.7.

Section 7.8 of the LLC Agreement provides that no Indemnitee shall be liable for monetary damages to us or our members or any other persons who have acquired any class or series of equity interests in us for losses sustained or liabilities incurred as a result of any act or omission of an Indemnitee unless there has been a final and non-appealable judgment entered by a court of competent jurisdiction determining that, in respect of the matter in question, the Indemnitee acted in bad faith or engaged in fraud, willful misconduct or, in the case of a criminal matter, acted with knowledge that the Indemnitee’s conduct was criminal.

In addition, the LLC Agreement provides that we may purchase and maintain insurance, on behalf of our managers and officers, and such other persons as the board of managers shall determine, against any liability that may be asserted against or expense that may be incurred by such person in connection with our activities or such person’s activities on our behalf, regardless of whether we would have the power to indemnify such person against such liability under the provisions of the LLC Agreement.

The Underwriting Agreement entered into by us in connection with our initial public offering provides for the indemnification by the underwriters in certain circumstances of the Company, our managers and officers, our current subsidiaries, Constellation Energy Commodities Group, Inc., and each of their officers and directors.

Reference is made to Item 9 for the Company’s undertakings with respect to indemnification for liabilities arising under the Securities Act.

**Item 7. Exemption from Registration Claimed.**

Not applicable.

**Item 8. Exhibits.**

<u>Exhibit Number</u>	<u>Description</u>
+4.1	Certificate of Formation of Constellation Energy Partners LLC, as amended (incorporated herein by reference to Exhibit 3.1 to the Annual Report on Form 10-K filed by Constellation Energy Partners LLC on March 12, 2007)

- +4.2 Second Amended and Restated Operating Agreement of Constellation Energy Partners LLC (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K filed by Constellation Energy Partners LLC on November 28, 2006)
  - +4.3 Amendment No. 1 to Second Amended and Restated Operating Agreement of Constellation Energy Partners LLC (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K filed by Constellation Energy Partners LLC on April 24, 2007)
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  - +4.5 Amendment No. 3 to Second Amended and Restated Operating Agreement of Constellation Energy Partners LLC dated September 21, 2007 (incorporated by reference to Exhibit 3.5 to the Current Report on Form 8-K filed by Constellation Energy Partners LLC on September 26, 2007).
  - \*4.6 Form of Inducement Award Agreement dated May 1, 2009 between Constellation Energy Partners LLC and Stephen R. Brunner.
  - \*4.7 Form of Inducement Award Agreement dated May 1, 2009 between Constellation Energy Partners LLC and Charles C. Ward.
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  - \*4.9 Form of Inducement Award Agreement dated May 1, 2009 between Constellation Energy Partners LLC and Michael B. Hiney.
  - \*5.1 Opinion of Andrews Kurth LLP with respect to legality of the securities.
  - \*23.1 Consent of PricewaterhouseCoopers LLP.
  - \*23.2 Consent of Netherland, Sewell & Associates, Inc.
  - \*23.3 Consent of Andrews Kurth LLP (included as part of Exhibit 5.1).
  - \*24.1 Power of Attorney (set forth on the signature page of this registration statement).
- 
- + Incorporated by reference.  
\* Filed herewith.

## **Item 9. Undertakings.**

(a) The undersigned registrant hereby undertakes that, for purposes of determining any liability under the Securities Act of 1933, each filing of the registrant's annual report pursuant to section 13(a) or section 15(d) of the Securities Exchange Act of 1934 (and, where applicable, each filing of an employee benefit plan's annual report pursuant to section 15(d) of the Securities Exchange Act of 1934) that is incorporated by reference in the registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions described under Item 6 above, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment of the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

## SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-8 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Houston, State of Texas, on May 1, 2009.

CONSTELLATION ENERGY PARTNERS LLC

By: /s/ Charles C. Ward  
Charles C. Ward, Chief Financial Officer and Treasurer

## POWER OF ATTORNEY

The undersigned managers and officers of Constellation Energy Partners LLC hereby constitute and appoint Charles C. Ward and Lisa J. Mellencamp, each with full power to act and with full power of substitution and resubstitution, our true and lawful attorneys-in-fact and agents with full power to execute in our name and behalf in the capacities indicated below any and all amendments (including post-effective amendments and amendments thereto) to this registration statement and to file the same, with all exhibits and other documents relating thereto and any registration statement relating to any offering made pursuant to this registration statement that is to be effective upon filing pursuant to Rule 462(b) under the Securities Act with the Securities and Exchange Commission and hereby ratify and confirm all that such attorney-in-fact or his substitute shall lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this registration statement has been signed by the following persons in the capacities and on the date indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ John R. Collins</u> John R. Collins	Chairman of the Board	May 1, 2009
<u>/s/ Steven R. Brunner</u> Stephen R. Brunner	President, Chief Executive Officer, Chief Operating Officer and Manager (Principal Executive Officer)	May 1, 2009
<u>/s/ Charles C. Ward</u> Charles C. Ward	Chief Financial Officer and Treasurer (Principal Financial Officer)	May 1, 2009
<u>/s/ Michael B. Hiney</u> Michael B. Hiney	Chief Accounting Officer and Controller (Principal Accounting Officer)	May 1, 2009
<u>/s/ Richard H. Bachmann</u> Richard H. Bachmann	Manager	May 1, 2009
<u>/s/ John N. Seitz</u> John N. Seitz	Manager	May 1, 2009
<u>/s/ Richard S. Langdon</u> Richard S. Langdon	Manager	May 1, 2009

## EXHIBIT INDEX

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<hr/>	
+	Incorporated by reference.
*	Filed herewith.

## INDUCEMENT AWARD AGREEMENT

**THIS INDUCEMENT AWARD AGREEMENT** (this “*Award Agreement*”) is made on May 1, 2009 by and between Constellation Energy Partners LLC, a Delaware limited liability company (“*CEP*”), and Stephen R. Brunner (“*Executive*”).

**WHEREAS**, the Board of Managers (the “*Board*”) of CEP has determined that it is in the best interests of CEP to grant inducement bonuses to, among other things, promote the interests of CEP by enhancing the ability of CEP and its subsidiaries to attract and retain the services of individuals who are essential for the growth and profitability of CEP and to encourage them to devote their best efforts to advancing the business of CEP and its subsidiaries;

**WHEREAS**, in order to induce Executive to enter into that certain Offer Letter, dated as of December 31, 2008, between Executive and CEP (the “*Offer Letter*”), CEP agreed to make an inducement grant to Executive of a number of restricted common units representing limited liability company interests in CEP (the “*Grant*”), which restricted common units, when coupled with an amount of cash, would equal \$600,000 on the grant date; and

**WHEREAS**, the Board has determined that the Grant shall be comprised of 53,957 restricted common units (the “*Restricted Units*”) in satisfaction of CEP’s obligation under the Offer Letter to make an inducement grant, which number of Restricted Units is based on the closing price of the Common Units on the NYSE Arca Equities, Inc. on December 31, 2008; and

**WHEREAS**, CEP (for a limited purpose), Executive and CEP Services Company, Inc., a Delaware corporation and CEP’s wholly owned subsidiary (“*CSCI*”), are entering into that certain Employment Agreement, dated as of May 1, 2009 (the “*Employment Agreement*”) contemporaneously herewith, which agreement supersedes the Offer Letter;

**WHEREAS**, the Grant has been approved by the Compensation Committee of the Board and is being made pursuant to the exemption from securityholder approval provided in Rule 5.3(d)(5)(A) of the NYSE Arca Rules;

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

### 1. Construction.

(a) *Definitions*. As used herein, the following terms shall have the meanings set forth below:

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

“*Award Agreement*” has the meaning set forth in the preamble hereto.

“Board” has the meaning set forth in the recitals to this Award Agreement.

“CEP” has the meaning set forth in the preamble to this Award Agreement.

“Closing Price” means the closing sales price of a Common Unit on the applicable date (or if there is no trading in the Common Units on such date, on the next preceding date on which there was trading) as reported in The Wall Street Journal (or other reporting service approved by the Committee). In the event Common Units are not publicly traded at the time such value is required to be made hereunder, the determination of Closing Price shall be made in good faith by the Committee.

“Code” means the Internal Revenue Code of 1986, as amended.

“Committee” means the Compensation Committee of the Board.

“Common Unit” means a common unit of CEP, representing limited liability company interests.

“Employment Agreement” has the meaning set forth in the recitals to this Award Agreement.

“Executive” has the meaning set forth in the preamble to this Award Agreement.

“Grant” has the meaning set forth in the recitals to this Award Agreement.

“Offer Letter” has the meaning set forth in the recitals to this Award Agreement.

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

“Restricted Period” means the period from May 1, 2009 to December 31, 2010.

“Restricted Units” has the meaning set forth in the recitals to this Award Agreement.

“Tranche” means either the First Tranche or Second Tranche, as such terms are defined in Section 2(b).

(b) *Construction*. In this Award Agreement, unless a clear contrary intention appears, (a) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Award Agreement as a whole and not to any particular Section or other subdivision, (b) reference to any Section means such Section hereof and (c) the words “including” (and with correlative meaning “include”) means including, without limiting the generality of any description preceding such term.



## 2. Grant of Restricted Units; Vesting; Administration.

(a) *Grant*. CEP hereby grants to Executive all right, title and interest in and to the record and beneficial ownership of the Restricted Units, subject to the conditions described herein.

(b) *Vesting*. Subject to Section 3(c), all rights to the Restricted Units shall fully vest in Executive and the restrictions set forth in Section 3(c) and Section 3(d) shall lapse as follows:

(i) on January 1, 2010 with respect to 26,979 Restricted Units (the “First Tranche”); and

(ii) on January 1, 2011 with respect to 26,978 Restricted Units (the “Second Tranche”).

(c) *Administration*.

(i) Issuance. The Restricted Units awarded hereunder shall be evidenced in book-entry form in the name of Executive.

(ii) Sources of Common Units Deliverable Under Grant. Any Common Units delivered pursuant to this Award Agreement shall consist, in whole or in part, of Common Units acquired in the open market, from any Affiliate, CEP or any other Person, or any combination of the foregoing as determined by the Committee in its sole discretion.

(iii) Adjustments. In the event that the Committee determines that any distribution (whether in the form of cash, Common Units, other securities or other property), recapitalization, split, reverse split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Common Units or other securities of CEP, issuance of warrants or other rights to purchase Common Units or other securities of CEP, or other similar transaction or event affects the Common Units such that an adjustment is determined by the Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under this Award Agreement, then the Committee shall, in such manner as it may deem equitable, adjust the number and type of Common Units (or other securities or property) subject to the Award Agreement hereunder or, if deemed appropriate by the Committee, make provision for a cash payment to Executive; provided, however, that the number of Common Units subject to the Grant shall always be a whole number; and, provided further, that the Committee shall not take any action otherwise authorized under this paragraph (b) to the extent that (i) such action would cause (A) the application of Section 409A of the Code to the Award Agreement or (B) create adverse tax consequences under Section 409A of the Code should that Code Section apply to the Award Agreement or (ii) except as permitted in Section 4, materially reduce the benefit to Executive without the consent of Executive.

### 3. Ownership Rights; Risk of Forfeiture; Transfer Restrictions.

(a) *Ownership Rights.* Subject to the restrictions set forth herein, including Section 3(b), Executive is entitled to all voting and ownership rights applicable to the Restricted Units.

(b) *Pre-vesting Distributions.*

(i) Distribution Credits. Prior to vesting pursuant to Section 2(b), Executive shall, for each Tranche, receive book-entry distribution credits ("Distribution Credits") for any distributions paid by CEP on Common Units.

(ii) Accumulation of Distribution Credits. Until a Tranche has vested pursuant to Section 2(b), CEP shall, upon payment of a distribution in respect of Common Units, record Distribution Credits in respect of that Tranche in an amount equal to (i) the number of Restricted Units in such Tranche multiplied by the per-unit distribution amount so paid, divided by (ii) the per-unit Closing Price on the payment date of such distribution.

(iii) Earning and Settlement of Distribution Credits. The Distribution Credits accumulated with respect to a Tranche shall be earned upon the vesting of such Tranche pursuant to Section 2(b). Upon vesting of a Tranche pursuant to Section 2(b), any Distribution Credits accumulated with respect to such Tranche shall, at the discretion of the Committee, be settled in cash or Common Units.

(A) For Distribution Credits to be settled in cash, the amount of such payment shall be equal to the aggregate number of earned Distribution Credits to be settled in cash multiplied by the per-unit Closing Price on the date such Tranche vests pursuant to Section 2(b).

(B) For Distribution Credits to be settled in Common Units, CEP shall issue a number of whole Common Units equal to the aggregate number of earned Distribution Credits to be settled in Common Units; provided, however, that any Distribution Credits that would have resulted in the issuance of a fractional Common Unit pursuant to this Section 3(b)(iii)(B), shall instead be settled in cash in accordance with Section 3(b)(iii)(A).

(c) *Risk of Forfeiture.*

(i) General. Subject to Section 3(c)(ii), upon termination of Executive's employment with or services to CEP and its Affiliates (including CSCI) for any reason during the applicable Restricted Period, all Restricted Units not then vested pursuant to Section 2(b) and Distribution Credits not then earned pursuant to Section 3(b)(iii) shall be automatically forfeited by Executive. The Committee may, in its discretion, waive in whole or in part such forfeiture.

(ii) Employment Agreement. Notwithstanding Section 3(c)(i) and anything to the contrary herein, if Executive's Employment Agreement (defined below) provides

for a treatment of the Restricted Units and Distribution Credits that differs from Section 3(c)(i), the terms of Executive's Employment Agreement shall control upon the termination of Executive's employment by CEP or its Affiliates (including CSCI). "Employment Agreement" means that certain Employment Agreement, dated as of May 1, 2009, entered into by and among CEP, CSCI and Executive, as such agreement may be amended from time to time.

*(d) Transfer Restrictions.*

(i) Except as provided in Section 3(d)(iii), this Award Agreement shall be payable only to Executive during Executive's lifetime, or to the person to whom Executive's rights shall pass by will or the laws of descent and distribution.

(ii) Except as provided in Section 3(d)(iii), none of the Award Agreement, any Restricted Units or Distribution Credits may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by Executive and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against CEP or any of its Affiliates.

(iii) The Restricted Units and Distribution Credits may be transferred by Executive without consideration to immediate family members or related family trusts, family limited partnerships or similar entities.

**4. Adjustments.**

Except to the extent prohibited by applicable law, the Committee is hereby authorized to make adjustments in the terms and conditions of, and the criteria included in, this Award Agreement in recognition of unusual or nonrecurring events (including the events described in Section 2(c)(iii)) affecting CEP or the financial statements of CEP, or of changes in applicable laws, regulations, or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available to Executive under this Award Agreement.

**5. General Provisions.**

*(a) Tax Withholding.*

(i) CEP or any Affiliate is authorized to withhold from any payment due or transfer made pursuant to this Award Agreement or from any compensation or other amount owing to a Participant the amount (in cash, Common Units, other securities, Common Units that would otherwise be issued pursuant to this Award Agreement or other property) of any applicable taxes payable at the minimum statutory rate in respect of this Award Agreement, the lapse of restrictions thereon or any payment or transfer under the Award Agreement and to take such other action as may be necessary in the opinion of CEP to satisfy its withholding obligations for the payment of such taxes.

(ii) All Common Units to be issued pursuant to this Award Agreement shall be net of tax withholding, such that the tax withholding obligation of Executive in respect of this Award Agreement and such Common Units is satisfied through the retention by CEP of a number of Common Units equal to Executive's aggregate tax withholding obligation divided by the per-unit Closing Price for the date immediately prior to the date of such issuance of Common Units.

**(iii) Executive agrees that, if he or she makes an election under Section 83(b) of the Code with regard to the Restricted Units, Executive will so notify CEP in writing within two (2) days after making such election.**

(b) *No Right to Employment or Services.* Nothing in this Award Agreement shall be construed as granting Executive the right to be retained in the employ of CEP or any of its Affiliates. Subject to the terms of the Employment Agreement, CEP or an Affiliate may at any time dismiss Executive from employment, free from any liability or any claim under this Award Agreement other than as provided under Section 3(c)(ii).

(c) *Governing Law.* This Award Agreement is entered into under, and shall be governed for all purposes by, the laws of the State of Delaware, without reference to its choice of law provisions.

(d) *Section 409A of the Code.* Notwithstanding anything in this Award Agreement to the contrary, this Award Agreement (i) is designed to avoid application of Section 409A of the Code to the Award Agreement and (ii) is designed to avoid adverse tax consequences under Section 409A of the Code should that Section apply to this Award Agreement. If any provision hereof would result in the imposition of an applicable tax under Section 409A of the Code and related regulations and pronouncements, that provision will be reformed to the extent reformation would avoid imposition of the applicable tax and no action taken to comply with Section 409A of the Code shall be deemed to adversely affect Executive's rights to the Restricted Units or to require Executive's consent.

(e) *Severability.* If any provision in this Award Agreement is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or as to any Person, or would disqualify the Award Agreement under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Award Agreement, such provision shall be stricken as to such jurisdiction or person and the remainder of the Award Agreement shall remain in full force and effect.

(f) *Other Laws.* The Committee may refuse to issue or transfer any Common Units or other consideration under this Award Agreement if, in its sole discretion, it determines that the issuance or transfer of such Common Units or such other consideration might violate any applicable law or regulation, the rules of the principal securities exchange on which the Common Units are then traded, or entitle CEP or an Affiliate to recover the same under Section 16(b) of the Securities Exchange Act of 1934, as amended, and any payment tendered to CEP by Executive, other holder or beneficiary shall be promptly refunded to the relevant Executive, holder or beneficiary.

(g) *No Trust or Fund Created.* This Award Agreement shall not create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between CEP or any participating Affiliate and Executive. To the extent that any Person acquires a right to receive payments or securities from CEP or any participating Affiliate pursuant to this Award Agreement, such right shall be no greater than the right of any general unsecured creditor of CEP or any participating Affiliate.

(h) *No Fractional Units.* No fractional Common Units shall be issued or delivered pursuant to this Award Agreement, and the Committee shall determine whether cash, other securities or other property shall be paid or transferred in lieu of any fractional Common Units or whether such fractional Common Units or any rights thereto shall be canceled, terminated or otherwise eliminated.

(i) *Headings.* Headings are given to the Sections and subsections of this Award Agreement solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of this Award Agreement or any provision thereof.

(j) *Facility Payment.* Any amounts payable hereunder to any person under legal disability or who, in the judgment of the Committee, is unable to properly manage his financial affairs, may be paid to the legal representative of such person, or may be applied for the benefit of such person in any manner which the Committee may select, and CEP and its Affiliates shall be relieved of any further liability for payment of such amounts.

(k) *Gender and Number.* Words in the masculine gender shall include the feminine gender, the plural shall include the singular and the singular shall include the plural.

(l) *No Guarantee of Tax Consequences.* None of the Board, CEP, nor the Committee makes any commitment or guarantee to Executive that any federal, state or local tax treatment will apply or be available to any Person eligible for benefits under this Award Agreement.

(m) *Certain Restrictions.* By executing this Award Agreement, Executive acknowledges that he or she has access to all documents filed by CEP with the Securities and Exchange Commission and has been provided a reasonable opportunity to ask questions of and receive answers from representatives of CEP regarding such matters. Executive agrees that he or she will enter into such representations, warranties and agreements and shall execute such documents as CEP may reasonably request in order to comply with the securities law or any other applicable laws, rules or regulations or with the terms of this Award Agreement.

(n) *No Waiver.* No failure by either party hereto at any time to give notice of any breach by the other party of, or to require compliance with, any condition or provision of this Award Agreement shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

(o) *Counterparts*. This Award Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same agreement.

(p) *Notices*. For purposes of this Award Agreement, notices and all other communications provided in this Award Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by United States registered or certified mail, return receipt requested, postage prepaid, or when sent by recognized overnight delivery service, addressed as follows:

If to CEP:

Constellation Energy Partners LLC  
One Allen Center  
500 Dallas Street, Suite 3200  
Houston, TX 77002  
Attention: Legal Department

If to Executive:

Stephen R. Brunner  
One Allen Center  
500 Dallas Street, Suite 3200  
Houston, TX 77002

or to such other address as either party may furnish to the other in writing in accordance herewith, except that notices or changes of address shall be effective only upon receipt.

(q) Entire Agreement. This Award Agreement constitutes the entire agreement of the parties with regard to the subject matter hereof, and contains all the covenants, promises, representations, warranties and agreements between the parties with respect to such subject matter. Without limiting the scope of the preceding sentence, all understandings and agreements preceding the date of execution of this Award Agreement and relating to the subject matter hereof (including the Offer Letter) are hereby null and void and of no further force and effect, including all prior employment and severance agreements, if any, by and between the Company and Executive, but excluding those certain (i) Grant Agreement Relating to Notional Units—Executives, of even date herewith, by and between CEP and Executive and (ii) Employment Agreement, of even date herewith, by and among CEP, Executive and CEP Services Company, Inc. Any modification of this Award Agreement will be effective only if it is in writing and signed by both parties.

*[Signature page follows]*

IN WITNESS WHEREOF, the parties hereto have executed this Award Agreement to be effective as of May 1, 2009.

CEP:

CONSTELLATION ENERGY PARTNERS LLC

By: \_\_\_\_\_

Name:

Title:

EXECUTIVE

\_\_\_\_\_  
Stephen R. Brunner

## INDUCEMENT AWARD AGREEMENT

**THIS INDUCEMENT AWARD AGREEMENT** (this “*Award Agreement*”) is made on May 1, 2009 by and between Constellation Energy Partners LLC, a Delaware limited liability company (“*CEP*”), and Charles C. Ward (“*Executive*”).

**WHEREAS**, the Board of Managers (the “*Board*”) of CEP has determined that it is in the best interests of CEP to grant inducement bonuses to, among other things, promote the interests of CEP by enhancing the ability of CEP and its subsidiaries to attract and retain the services of individuals who are essential for the growth and profitability of CEP and to encourage them to devote their best efforts to advancing the business of CEP and its subsidiaries;

**WHEREAS**, in order to induce Executive to enter into that certain Offer Letter, dated as of December 31, 2008, between Executive and CEP (the “*Offer Letter*”), CEP agreed to make an inducement grant to Executive of a number of restricted common units representing limited liability company interests in CEP (the “*Grant*”), which restricted common units, when coupled with an amount of cash, would equal \$450,000 on the grant date; and

**WHEREAS**, the Board has determined that the Grant shall be comprised of 40,468 restricted common units (the “*Restricted Units*”) in satisfaction of CEP’s obligation under the Offer Letter to make an inducement grant, which number of Restricted Units is based on the closing price of the Common Units on the NYSE Arca Equities, Inc. on December 31, 2008; and

**WHEREAS**, CEP (for a limited purpose), Executive and CEP Services Company, Inc., a Delaware corporation and CEP’s wholly owned subsidiary (“*CSCI*”), are entering into that certain Employment Agreement, dated as of May 1, 2009 (the “*Employment Agreement*”) contemporaneously herewith, which agreement supersedes the Offer Letter;

**WHEREAS**, the Grant has been approved by the Compensation Committee of the Board and is being made pursuant to the exemption from securityholder approval provided in Rule 5.3(d)(5)(A) of the NYSE Arca Rules;

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

### 1. Construction.

(a) *Definitions*. As used herein, the following terms shall have the meanings set forth below:

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

“*Award Agreement*” has the meaning set forth in the preamble hereto.



“*Board*” has the meaning set forth in the recitals to this Award Agreement.

“*CEP*” has the meaning set forth in the preamble to this Award Agreement.

“*Closing Price*” means the closing sales price of a Common Unit on the applicable date (or if there is no trading in the Common Units on such date, on the next preceding date on which there was trading) as reported in The Wall Street Journal (or other reporting service approved by the Committee). In the event Common Units are not publicly traded at the time such value is required to be made hereunder, the determination of Closing Price shall be made in good faith by the Committee.

“*Code*” means the Internal Revenue Code of 1986, as amended.

“*Committee*” means the Compensation Committee of the Board.

“*Common Unit*” means a common unit of CEP, representing limited liability company interests.

“*Employment Agreement*” has the meaning set forth in the recitals to this Award Agreement.

“*Executive*” has the meaning set forth in the preamble to this Award Agreement.

“*Grant*” has the meaning set forth in the recitals to this Award Agreement.

“*Offer Letter*” has the meaning set forth in the recitals to this Award Agreement.

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

“*Restricted Period*” means the period from May 1, 2009 to December 31, 2010.

“*Restricted Units*” has the meaning set forth in the recitals to this Award Agreement.

“*Tranche*” means either the First Tranche or Second Tranche, as such terms are defined in Section 2(b).

(b) *Construction*. In this Award Agreement, unless a clear contrary intention appears, (a) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Award Agreement as a whole and not to any particular Section or other subdivision, (b) reference to any Section means such Section hereof and (c) the words “including” (and with correlative meaning “include”) means including, without limiting the generality of any description preceding such term.

## 2. Grant of Restricted Units; Vesting; Administration.

(a) *Grant*. CEP hereby grants to Executive all right, title and interest in and to the record and beneficial ownership of the Restricted Units, subject to the conditions described herein.

(b) *Vesting*. Subject to Section 3(c), all rights to the Restricted Units shall fully vest in Executive and the restrictions set forth in Section 3(c) and Section 3(d) shall lapse as follows:

(i) on January 1, 2010 with respect to 20,234 Restricted Units (the “First Tranche”); and

(ii) on January 1, 2011 with respect to 20,234 Restricted Units (the “Second Tranche”).

(c) *Administration*.

(i) Issuance. The Restricted Units awarded hereunder shall be evidenced in book-entry form in the name of Executive.

(ii) Sources of Common Units Deliverable Under Grant. Any Common Units delivered pursuant to this Award Agreement shall consist, in whole or in part, of Common Units acquired in the open market, from any Affiliate, CEP or any other Person, or any combination of the foregoing as determined by the Committee in its sole discretion.

(iii) Adjustments. In the event that the Committee determines that any distribution (whether in the form of cash, Common Units, other securities or other property), recapitalization, split, reverse split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Common Units or other securities of CEP, issuance of warrants or other rights to purchase Common Units or other securities of CEP, or other similar transaction or event affects the Common Units such that an adjustment is determined by the Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under this Award Agreement, then the Committee shall, in such manner as it may deem equitable, adjust the number and type of Common Units (or other securities or property) subject to the Award Agreement hereunder or, if deemed appropriate by the Committee, make provision for a cash payment to Executive; provided, however, that the number of Common Units subject to the Grant shall always be a whole number; and, provided further, that the Committee shall not take any action otherwise authorized under this paragraph (b) to the extent that (i) such action would cause (A) the application of Section 409A of the Code to the Award Agreement or (B) create adverse tax consequences under Section 409A of the Code should that Code Section apply to the Award Agreement or (ii) except as permitted in Section 4, materially reduce the benefit to Executive without the consent of Executive.

### 3. Ownership Rights; Risk of Forfeiture; Transfer Restrictions.

(a) *Ownership Rights.* Subject to the restrictions set forth herein, including Section 3(b), Executive is entitled to all voting and ownership rights applicable to the Restricted Units.

(b) *Pre-vesting Distributions.*

(i) Distribution Credits. Prior to vesting pursuant to Section 2(b), Executive shall, for each Tranche, receive book-entry distribution credits ("Distribution Credits") for any distributions paid by CEP on Common Units.

(ii) Accumulation of Distribution Credits. Until a Tranche has vested pursuant to Section 2(b), CEP shall, upon payment of a distribution in respect of Common Units, record Distribution Credits in respect of that Tranche in an amount equal to (i) the number of Restricted Units in such Tranche multiplied by the per-unit distribution amount so paid, divided by (ii) the per-unit Closing Price on the payment date of such distribution.

(iii) Earning and Settlement of Distribution Credits. The Distribution Credits accumulated with respect to a Tranche shall be earned upon the vesting of such Tranche pursuant to Section 2(b). Upon vesting of a Tranche pursuant to Section 2(b), any Distribution Credits accumulated with respect to such Tranche shall, at the discretion of the Committee, be settled in cash or Common Units.

(A) For Distribution Credits to be settled in cash, the amount of such payment shall be equal to the aggregate number of earned Distribution Credits to be settled in cash multiplied by the per-unit Closing Price on the date such Tranche vests pursuant to Section 2(b).

(B) For Distribution Credits to be settled in Common Units, CEP shall issue a number of whole Common Units equal to the aggregate number of earned Distribution Credits to be settled in Common Units; provided, however, that any Distribution Credits that would have resulted in the issuance of a fractional Common Unit pursuant to this Section 3(b)(iii)(B), shall instead be settled in cash in accordance with Section 3(b)(iii)(A).

(c) *Risk of Forfeiture.*

(i) General. Subject to Section 3(c)(ii), upon termination of Executive's employment with or services to CEP and its Affiliates (including CSCI) for any reason during the applicable Restricted Period, all Restricted Units not then vested pursuant to Section 2(b) and Distribution Credits not then earned pursuant to Section 3(b)(iii) shall be automatically forfeited by Executive. The Committee may, in its discretion, waive in whole or in part such forfeiture.

(ii) Employment Agreement. Notwithstanding Section 3(c)(i) and anything to the contrary herein, if Executive's Employment Agreement (defined below) provides

for a treatment of the Restricted Units and Distribution Credits that differs from Section 3(c)(i), the terms of Executive's Employment Agreement shall control upon the termination of Executive's employment by CEP or its Affiliates (including CSCI). "Employment Agreement" means that certain Employment Agreement, dated as of May 1, 2009, entered into by and among CEP, CSCI and Executive, as such agreement may be amended from time to time.

**(d) Transfer Restrictions.**

(i) Except as provided in Section 3(d)(iii), this Award Agreement shall be payable only to Executive during Executive's lifetime, or to the person to whom Executive's rights shall pass by will or the laws of descent and distribution.

(ii) Except as provided in Section 3(d)(iii), none of the Award Agreement, any Restricted Units or Distribution Credits may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by Executive and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against CEP or any of its Affiliates.

(iii) The Restricted Units and Distribution Credits may be transferred by Executive without consideration to immediate family members or related family trusts, family limited partnerships or similar entities.

**4. Adjustments.**

Except to the extent prohibited by applicable law, the Committee is hereby authorized to make adjustments in the terms and conditions of, and the criteria included in, this Award Agreement in recognition of unusual or nonrecurring events (including the events described in Section 2(c)(iii)) affecting CEP or the financial statements of CEP, or of changes in applicable laws, regulations, or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available to Executive under this Award Agreement.

**5. General Provisions.**

**(a) Tax Withholding.**

(i) CEP or any Affiliate is authorized to withhold from any payment due or transfer made pursuant to this Award Agreement or from any compensation or other amount owing to a Participant the amount (in cash, Common Units, other securities, Common Units that would otherwise be issued pursuant to this Award Agreement or other property) of any applicable taxes payable at the minimum statutory rate in respect of this Award Agreement, the lapse of restrictions thereon or any payment or transfer under the Award Agreement and to take such other action as may be necessary in the opinion of CEP to satisfy its withholding obligations for the payment of such taxes.

(ii) All Common Units to be issued pursuant to this Award Agreement shall be net of tax withholding, such that the tax withholding obligation of Executive in respect of this Award Agreement and such Common Units is satisfied through the retention by CEP of a number of Common Units equal to Executive's aggregate tax withholding obligation divided by the per-unit Closing Price for the date immediately prior to the date of such issuance of Common Units.

**(iii) Executive agrees that, if he or she makes an election under Section 83(b) of the Code with regard to the Restricted Units, Executive will so notify CEP in writing within two (2) days after making such election.**

(b) *No Right to Employment or Services.* Nothing in this Award Agreement shall be construed as granting Executive the right to be retained in the employ of CEP or any of its Affiliates. Subject to the terms of the Employment Agreement, CEP or an Affiliate may at any time dismiss Executive from employment, free from any liability or any claim under this Award Agreement other than as provided under Section 3(c)(ii).

(c) *Governing Law.* This Award Agreement is entered into under, and shall be governed for all purposes by, the laws of the State of Delaware, without reference to its choice of law provisions.

(d) *Section 409A of the Code.* Notwithstanding anything in this Award Agreement to the contrary, this Award Agreement (i) is designed to avoid application of Section 409A of the Code to the Award Agreement and (ii) is designed to avoid adverse tax consequences under Section 409A of the Code should that Section apply to this Award Agreement. If any provision hereof would result in the imposition of an applicable tax under Section 409A of the Code and related regulations and pronouncements, that provision will be reformed to the extent reformation would avoid imposition of the applicable tax and no action taken to comply with Section 409A of the Code shall be deemed to adversely affect Executive's rights to the Restricted Units or to require Executive's consent.

(e) *Severability.* If any provision in this Award Agreement is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or as to any Person, or would disqualify the Award Agreement under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Award Agreement, such provision shall be stricken as to such jurisdiction or person and the remainder of the Award Agreement shall remain in full force and effect.

(f) *Other Laws.* The Committee may refuse to issue or transfer any Common Units or other consideration under this Award Agreement if, in its sole discretion, it determines that the issuance or transfer of such Common Units or such other consideration might violate any applicable law or regulation, the rules of the principal securities exchange on which the Common Units are then traded, or entitle CEP or an Affiliate to recover the same under Section 16(b) of the Securities Exchange Act of 1934, as amended, and any payment tendered to CEP by Executive, other holder or beneficiary shall be promptly refunded to the relevant Executive, holder or beneficiary.

(g) *No Trust or Fund Created.* This Award Agreement shall not create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between CEP or any participating Affiliate and Executive. To the extent that any Person acquires a right to receive payments or securities from CEP or any participating Affiliate pursuant to this Award Agreement, such right shall be no greater than the right of any general unsecured creditor of CEP or any participating Affiliate.

(h) *No Fractional Units.* No fractional Common Units shall be issued or delivered pursuant to this Award Agreement, and the Committee shall determine whether cash, other securities or other property shall be paid or transferred in lieu of any fractional Common Units or whether such fractional Common Units or any rights thereto shall be canceled, terminated or otherwise eliminated.

(i) *Headings.* Headings are given to the Sections and subsections of this Award Agreement solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of this Award Agreement or any provision thereof.

(j) *Facility Payment.* Any amounts payable hereunder to any person under legal disability or who, in the judgment of the Committee, is unable to properly manage his financial affairs, may be paid to the legal representative of such person, or may be applied for the benefit of such person in any manner which the Committee may select, and CEP and its Affiliates shall be relieved of any further liability for payment of such amounts.

(k) *Gender and Number.* Words in the masculine gender shall include the feminine gender, the plural shall include the singular and the singular shall include the plural.

(l) *No Guarantee of Tax Consequences.* None of the Board, CEP, nor the Committee makes any commitment or guarantee to Executive that any federal, state or local tax treatment will apply or be available to any Person eligible for benefits under this Award Agreement.

(m) *Certain Restrictions.* By executing this Award Agreement, Executive acknowledges that he or she has access to all documents filed by CEP with the Securities and Exchange Commission and has been provided a reasonable opportunity to ask questions of and receive answers from representatives of CEP regarding such matters. Executive agrees that he or she will enter into such representations, warranties and agreements and shall execute such documents as CEP may reasonably request in order to comply with the securities law or any other applicable laws, rules or regulations or with the terms of this Award Agreement.

(n) *No Waiver.* No failure by either party hereto at any time to give notice of any breach by the other party of, or to require compliance with, any condition or provision of this Award Agreement shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

(o) *Counterparts*. This Award Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same agreement.

(p) *Notices*. For purposes of this Award Agreement, notices and all other communications provided in this Award Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by United States registered or certified mail, return receipt requested, postage prepaid, or when sent by recognized overnight delivery service, addressed as follows:

If to CEP:

Constellation Energy Partners LLC  
One Allen Center  
500 Dallas Street, Suite 3200  
Houston, TX 77002  
Attention: Legal Department

If to Executive:

Charles C. Ward  
One Allen Center  
500 Dallas Street, Suite 3200  
Houston, TX 77002

or to such other address as either party may furnish to the other in writing in accordance herewith, except that notices or changes of address shall be effective only upon receipt.

(q) Entire Agreement. This Award Agreement constitutes the entire agreement of the parties with regard to the subject matter hereof, and contains all the covenants, promises, representations, warranties and agreements between the parties with respect to such subject matter. Without limiting the scope of the preceding sentence, all understandings and agreements preceding the date of execution of this Award Agreement and relating to the subject matter hereof (including the Offer Letter) are hereby null and void and of no further force and effect, including all prior employment and severance agreements, if any, by and between the Company and Executive, but excluding those certain (i) Grant Agreement Relating to Notional Units—Executives, of even date herewith, by and between CEP and Executive and (ii) Employment Agreement, of even date herewith, by and among CEP, Executive and CEP Services Company, Inc. Any modification of this Award Agreement will be effective only if it is in writing and signed by both parties.

*[Signature page follows]*

IN WITNESS WHEREOF, the parties hereto have executed this Award Agreement to be effective as of May 1, 2009.

CEP:

CONSTELLATION ENERGY PARTNERS LLC

By: \_\_\_\_\_

Name:

Title:

EXECUTIVE

\_\_\_\_\_  
Charles C. Ward



## INDUCEMENT AWARD AGREEMENT

**THIS INDUCEMENT AWARD AGREEMENT** (this “*Award Agreement*”) is made on May 1, 2009 by and between Constellation Energy Partners LLC, a Delaware limited liability company (“*CEP*”), and Lisa J. Mellencamp (“*Executive*”).

**WHEREAS**, the Board of Managers (the “*Board*”) of CEP has determined that it is in the best interests of CEP to grant inducement bonuses to, among other things, promote the interests of CEP by enhancing the ability of CEP and its subsidiaries to attract and retain the services of individuals who are essential for the growth and profitability of CEP and to encourage them to devote their best efforts to advancing the business of CEP and its subsidiaries;

**WHEREAS**, in order to induce Executive to enter into that certain Offer Letter, dated as of December 31, 2008, between Executive and CEP (the “*Offer Letter*”), CEP agreed to make an inducement grant to Executive of a number of restricted common units representing limited liability company interests in CEP (the “*Grant*”), which restricted common units, when coupled with an amount of cash, would equal \$400,000 on the grant date; and

**WHEREAS**, the Board has determined that the Grant shall be comprised of 35,971 restricted common units (the “*Restricted Units*”) in satisfaction of CEP’s obligation under the Offer Letter to make an inducement grant, which number of Restricted Units is based on the closing price of the Common Units on the NYSE Arca Equities, Inc. on December 31, 2008; and

**WHEREAS**, CEP (for a limited purpose), Executive and CEP Services Company, Inc., a Delaware corporation and CEP’s wholly owned subsidiary (“*CSCI*”), are entering into that certain Employment Agreement, dated as of May 1, 2009 (the “*Employment Agreement*”) contemporaneously herewith, which agreement supersedes the Offer Letter;

**WHEREAS**, the Grant has been approved by the Compensation Committee of the Board and is being made pursuant to the exemption from securityholder approval provided in Rule 5.3(d)(5)(A) of the NYSE Arca Rules;

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

### 1. Construction.

(a) *Definitions*. As used herein, the following terms shall have the meanings set forth below:

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

“*Award Agreement*” has the meaning set forth in the preamble hereto.

“Board” has the meaning set forth in the recitals to this Award Agreement.

“CEP” has the meaning set forth in the preamble to this Award Agreement.

“Closing Price” means the closing sales price of a Common Unit on the applicable date (or if there is no trading in the Common Units on such date, on the next preceding date on which there was trading) as reported in The Wall Street Journal (or other reporting service approved by the Committee). In the event Common Units are not publicly traded at the time such value is required to be made hereunder, the determination of Closing Price shall be made in good faith by the Committee.

“Code” means the Internal Revenue Code of 1986, as amended.

“Committee” means the Compensation Committee of the Board.

“Common Unit” means a common unit of CEP, representing limited liability company interests.

“Employment Agreement” has the meaning set forth in the recitals to this Award Agreement.

“Executive” has the meaning set forth in the preamble to this Award Agreement.

“Grant” has the meaning set forth in the recitals to this Award Agreement.

“Offer Letter” has the meaning set forth in the recitals to this Award Agreement.

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

“Restricted Period” means the period from May 1, 2009 to December 31, 2010.

“Restricted Units” has the meaning set forth in the recitals to this Award Agreement.

“Tranche” means either the First Tranche or Second Tranche, as such terms are defined in Section 2(b).

(b) *Construction.* In this Award Agreement, unless a clear contrary intention appears, (a) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Award Agreement as a whole and not to any particular Section or other subdivision, (b) reference to any Section means such Section hereof and (c) the words “including” (and with correlative meaning “include”) means including, without limiting the generality of any description preceding such term.

## 2. Grant of Restricted Units; Vesting; Administration.

(a) *Grant*. CEP hereby grants to Executive all right, title and interest in and to the record and beneficial ownership of the Restricted Units, subject to the conditions described herein.

(b) *Vesting*. Subject to Section 3(c), all rights to the Restricted Units shall fully vest in Executive and the restrictions set forth in Section 3(c) and Section 3(d) shall lapse as follows:

(i) on January 1, 2010 with respect to 17,986 Restricted Units (the “First Tranche”); and

(ii) on January 1, 2011 with respect to 17,985 Restricted Units (the “Second Tranche”).

(c) *Administration*.

(i) Issuance. The Restricted Units awarded hereunder shall be evidenced in book-entry form in the name of Executive.

(ii) Sources of Common Units Deliverable Under Grant. Any Common Units delivered pursuant to this Award Agreement shall consist, in whole or in part, of Common Units acquired in the open market, from any Affiliate, CEP or any other Person, or any combination of the foregoing as determined by the Committee in its sole discretion.

(iii) Adjustments. In the event that the Committee determines that any distribution (whether in the form of cash, Common Units, other securities or other property), recapitalization, split, reverse split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Common Units or other securities of CEP, issuance of warrants or other rights to purchase Common Units or other securities of CEP, or other similar transaction or event affects the Common Units such that an adjustment is determined by the Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under this Award Agreement, then the Committee shall, in such manner as it may deem equitable, adjust the number and type of Common Units (or other securities or property) subject to the Award Agreement hereunder or, if deemed appropriate by the Committee, make provision for a cash payment to Executive; provided, however, that the number of Common Units subject to the Grant shall always be a whole number; and, provided further, that the Committee shall not take any action otherwise authorized under this paragraph (b) to the extent that (i) such action would cause (A) the application of Section 409A of the Code to the Award Agreement or (B) create adverse tax consequences under Section 409A of the Code should that Code Section apply to the Award Agreement or (ii) except as permitted in Section 4, materially reduce the benefit to Executive without the consent of Executive.

### 3. Ownership Rights; Risk of Forfeiture; Transfer Restrictions.

(a) *Ownership Rights.* Subject to the restrictions set forth herein, including Section 3(b), Executive is entitled to all voting and ownership rights applicable to the Restricted Units.

(b) *Pre-vesting Distributions.*

(i) Distribution Credits. Prior to vesting pursuant to Section 2(b), Executive shall, for each Tranche, receive book-entry distribution credits ("Distribution Credits") for any distributions paid by CEP on Common Units.

(ii) Accumulation of Distribution Credits. Until a Tranche has vested pursuant to Section 2(b), CEP shall, upon payment of a distribution in respect of Common Units, record Distribution Credits in respect of that Tranche in an amount equal to (i) the number of Restricted Units in such Tranche multiplied by the per-unit distribution amount so paid, divided by (ii) the per-unit Closing Price on the payment date of such distribution.

(iii) Earning and Settlement of Distribution Credits. The Distribution Credits accumulated with respect to a Tranche shall be earned upon the vesting of such Tranche pursuant to Section 2(b). Upon vesting of a Tranche pursuant to Section 2(b), any Distribution Credits accumulated with respect to such Tranche shall, at the discretion of the Committee, be settled in cash or Common Units.

(A) For Distribution Credits to be settled in cash, the amount of such payment shall be equal to the aggregate number of earned Distribution Credits to be settled in cash multiplied by the per-unit Closing Price on the date such Tranche vests pursuant to Section 2(b).

(B) For Distribution Credits to be settled in Common Units, CEP shall issue a number of whole Common Units equal to the aggregate number of earned Distribution Credits to be settled in Common Units; provided, however, that any Distribution Credits that would have resulted in the issuance of a fractional Common Unit pursuant to this Section 3(b)(iii)(B), shall instead be settled in cash in accordance with Section 3(b)(iii)(A).

(c) *Risk of Forfeiture.*

(i) General. Subject to Section 3(c)(ii), upon termination of Executive's employment with or services to CEP and its Affiliates (including CSCI) for any reason during the applicable Restricted Period, all Restricted Units not then vested pursuant to Section 2(b) and Distribution Credits not then earned pursuant to Section 3(b)(iii) shall be automatically forfeited by Executive. The Committee may, in its discretion, waive in whole or in part such forfeiture.

(ii) Employment Agreement. Notwithstanding Section 3(c)(i) and anything to the contrary herein, if Executive's Employment Agreement (defined below) provides

for a treatment of the Restricted Units and Distribution Credits that differs from Section 3(c)(i), the terms of Executive's Employment Agreement shall control upon the termination of Executive's employment by CEP or its Affiliates (including CSCI). "Employment Agreement" means that certain Employment Agreement, dated as of May 1, 2009, entered into by and among CEP, CSCI and Executive, as such agreement may be amended from time to time.

(d) *Transfer Restrictions.*

(i) Except as provided in Section 3(d)(iii), this Award Agreement shall be payable only to Executive during Executive's lifetime, or to the person to whom Executive's rights shall pass by will or the laws of descent and distribution.

(ii) Except as provided in Section 3(d)(iii), none of the Award Agreement, any Restricted Units or Distribution Credits may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by Executive and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against CEP or any of its Affiliates.

(iii) The Restricted Units and Distribution Credits may be transferred by Executive without consideration to immediate family members or related family trusts, family limited partnerships or similar entities.

**4. Adjustments.**

Except to the extent prohibited by applicable law, the Committee is hereby authorized to make adjustments in the terms and conditions of, and the criteria included in, this Award Agreement in recognition of unusual or nonrecurring events (including the events described in Section 2(c)(iii)) affecting CEP or the financial statements of CEP, or of changes in applicable laws, regulations, or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available to Executive under this Award Agreement.

**5. General Provisions.**

(a) *Tax Withholding.*

(i) CEP or any Affiliate is authorized to withhold from any payment due or transfer made pursuant to this Award Agreement or from any compensation or other amount owing to a Participant the amount (in cash, Common Units, other securities, Common Units that would otherwise be issued pursuant to this Award Agreement or other property) of any applicable taxes payable at the minimum statutory rate in respect of this Award Agreement, the lapse of restrictions thereon or any payment or transfer under the Award Agreement and to take such other action as may be necessary in the opinion of CEP to satisfy its withholding obligations for the payment of such taxes.

(ii) All Common Units to be issued pursuant to this Award Agreement shall be net of tax withholding, such that the tax withholding obligation of Executive in respect of this Award Agreement and such Common Units is satisfied through the retention by CEP of a number of Common Units equal to Executive's aggregate tax withholding obligation divided by the per-unit Closing Price for the date immediately prior to the date of such issuance of Common Units.

**(iii) Executive agrees that, if he or she makes an election under Section 83(b) of the Code with regard to the Restricted Units, Executive will so notify CEP in writing within two (2) days after making such election.**

(b) *No Right to Employment or Services.* Nothing in this Award Agreement shall be construed as granting Executive the right to be retained in the employ of CEP or any of its Affiliates. Subject to the terms of the Employment Agreement, CEP or an Affiliate may at any time dismiss Executive from employment, free from any liability or any claim under this Award Agreement other than as provided under Section 3(c)(ii).

(c) *Governing Law.* This Award Agreement is entered into under, and shall be governed for all purposes by, the laws of the State of Delaware, without reference to its choice of law provisions.

(d) *Section 409A of the Code.* Notwithstanding anything in this Award Agreement to the contrary, this Award Agreement (i) is designed to avoid application of Section 409A of the Code to the Award Agreement and (ii) is designed to avoid adverse tax consequences under Section 409A of the Code should that Section apply to this Award Agreement. If any provision hereof would result in the imposition of an applicable tax under Section 409A of the Code and related regulations and pronouncements, that provision will be reformed to the extent reformation would avoid imposition of the applicable tax and no action taken to comply with Section 409A of the Code shall be deemed to adversely affect Executive's rights to the Restricted Units or to require Executive's consent.

(e) *Severability.* If any provision in this Award Agreement is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or as to any Person, or would disqualify the Award Agreement under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Award Agreement, such provision shall be stricken as to such jurisdiction or person and the remainder of the Award Agreement shall remain in full force and effect.

(f) *Other Laws.* The Committee may refuse to issue or transfer any Common Units or other consideration under this Award Agreement if, in its sole discretion, it determines that the issuance or transfer of such Common Units or such other consideration might violate any applicable law or regulation, the rules of the principal securities exchange on which the Common Units are then traded, or entitle CEP or an Affiliate to recover the same under Section 16(b) of the Securities Exchange Act of 1934, as amended, and any payment tendered to CEP by Executive, other holder or beneficiary shall be promptly refunded to the relevant Executive, holder or beneficiary.

(g) *No Trust or Fund Created.* This Award Agreement shall not create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between CEP or any participating Affiliate and Executive. To the extent that any Person acquires a right to receive payments or securities from CEP or any participating Affiliate pursuant to this Award Agreement, such right shall be no greater than the right of any general unsecured creditor of CEP or any participating Affiliate.

(h) *No Fractional Units.* No fractional Common Units shall be issued or delivered pursuant to this Award Agreement, and the Committee shall determine whether cash, other securities or other property shall be paid or transferred in lieu of any fractional Common Units or whether such fractional Common Units or any rights thereto shall be canceled, terminated or otherwise eliminated.

(i) *Headings.* Headings are given to the Sections and subsections of this Award Agreement solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of this Award Agreement or any provision thereof.

(j) *Facility Payment.* Any amounts payable hereunder to any person under legal disability or who, in the judgment of the Committee, is unable to properly manage his financial affairs, may be paid to the legal representative of such person, or may be applied for the benefit of such person in any manner which the Committee may select, and CEP and its Affiliates shall be relieved of any further liability for payment of such amounts.

(k) *Gender and Number.* Words in the masculine gender shall include the feminine gender, the plural shall include the singular and the singular shall include the plural.

(l) *No Guarantee of Tax Consequences.* None of the Board, CEP, nor the Committee makes any commitment or guarantee to Executive that any federal, state or local tax treatment will apply or be available to any Person eligible for benefits under this Award Agreement.

(m) *Certain Restrictions.* By executing this Award Agreement, Executive acknowledges that he or she has access to all documents filed by CEP with the Securities and Exchange Commission and has been provided a reasonable opportunity to ask questions of and receive answers from representatives of CEP regarding such matters. Executive agrees that he or she will enter into such representations, warranties and agreements and shall execute such documents as CEP may reasonably request in order to comply with the securities law or any other applicable laws, rules or regulations or with the terms of this Award Agreement.

(n) *No Waiver.* No failure by either party hereto at any time to give notice of any breach by the other party of, or to require compliance with, any condition or provision of this Award Agreement shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

(o) *Counterparts*. This Award Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same agreement.

(p) *Notices*. For purposes of this Award Agreement, notices and all other communications provided in this Award Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by United States registered or certified mail, return receipt requested, postage prepaid, or when sent by recognized overnight delivery service, addressed as follows:

If to CEP:

Constellation Energy Partners LLC  
One Allen Center  
500 Dallas Street, Suite 3200  
Houston, TX 77002  
Attention: Legal Department

If to Executive:

Lisa J. Mellencamp  
One Allen Center  
500 Dallas Street, Suite 3200  
Houston, TX 77002

or to such other address as either party may furnish to the other in writing in accordance herewith, except that notices or changes of address shall be effective only upon receipt.

(q) Entire Agreement. This Award Agreement constitutes the entire agreement of the parties with regard to the subject matter hereof, and contains all the covenants, promises, representations, warranties and agreements between the parties with respect to such subject matter. Without limiting the scope of the preceding sentence, all understandings and agreements preceding the date of execution of this Award Agreement and relating to the subject matter hereof (including the Offer Letter) are hereby null and void and of no further force and effect, including all prior employment and severance agreements, if any, by and between the Company and Executive, but excluding those certain (i) Grant Agreement Relating to Notional Units—Executives, of even date herewith, by and between CEP and Executive and (ii) Employment Agreement, of even date herewith, by and among CEP, Executive and CEP Services Company, Inc. Any modification of this Award Agreement will be effective only if it is in writing and signed by both parties.

*[Signature page follows]*



IN WITNESS WHEREOF, the parties hereto have executed this Award Agreement to be effective as of May 1, 2009.

CEP:

CONSTELLATION ENERGY PARTNERS LLC

By: \_\_\_\_\_

Name:

Title:

EXECUTIVE

\_\_\_\_\_  
Lisa J. Mellencamp

## INDUCEMENT AWARD AGREEMENT

**THIS INDUCEMENT AWARD AGREEMENT** (this “*Award Agreement*”) is made on May 1, 2009 by and between Constellation Energy Partners LLC, a Delaware limited liability company (“*CEP*”), and Michael B. Hiney (“*Executive*”).

**WHEREAS**, the Board of Managers (the “*Board*”) of CEP has determined that it is in the best interests of CEP to grant inducement bonuses to, among other things, promote the interests of CEP by enhancing the ability of CEP and its subsidiaries to attract and retain the services of individuals who are essential for the growth and profitability of CEP and to encourage them to devote their best efforts to advancing the business of CEP and its subsidiaries;

**WHEREAS**, in order to induce Executive to enter into that certain Offer Letter, dated as of December 31, 2008, between Executive and CEP (the “*Offer Letter*”), CEP agreed to make an inducement grant to Executive of a number of restricted common units representing limited liability company interests in CEP (the “*Grant*”), which restricted common units, when coupled with an amount of cash, would equal \$350,000 on the grant date; and

**WHEREAS**, the Board has determined that the Grant shall be comprised of 31,475 restricted common units (the “*Restricted Units*”) in satisfaction of CEP’s obligation under the Offer Letter to make an inducement grant, which number of Restricted Units is based on the closing price of the Common Units on the NYSE Arca Equities, Inc. on December 31, 2008; and

**WHEREAS**, CEP (for a limited purpose), Executive and CEP Services Company, Inc., a Delaware corporation and CEP’s wholly owned subsidiary (“*CSCI*”), are entering into that certain Employment Agreement, dated as of May 1, 2009 (the “*Employment Agreement*”) contemporaneously herewith, which agreement supersedes the Offer Letter;

**WHEREAS**, the Grant has been approved by the Compensation Committee of the Board and is being made pursuant to the exemption from securityholder approval provided in Rule 5.3(d)(5)(A) of the NYSE Arca Rules;

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

### 1. Construction.

(a) *Definitions*. As used herein, the following terms shall have the meanings set forth below:

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

“*Award Agreement*” has the meaning set forth in the preamble hereto.

“Board” has the meaning set forth in the recitals to this Award Agreement.

“CEP” has the meaning set forth in the preamble to this Award Agreement.

“Closing Price” means the closing sales price of a Common Unit on the applicable date (or if there is no trading in the Common Units on such date, on the next preceding date on which there was trading) as reported in The Wall Street Journal (or other reporting service approved by the Committee). In the event Common Units are not publicly traded at the time such value is required to be made hereunder, the determination of Closing Price shall be made in good faith by the Committee.

“Code” means the Internal Revenue Code of 1986, as amended.

“Committee” means the Compensation Committee of the Board.

“Common Unit” means a common unit of CEP, representing limited liability company interests.

“Employment Agreement” has the meaning set forth in the recitals to this Award Agreement.

“Executive” has the meaning set forth in the preamble to this Award Agreement.

“Grant” has the meaning set forth in the recitals to this Award Agreement.

“Offer Letter” has the meaning set forth in the recitals to this Award Agreement.

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

“Restricted Period” means the period from May 1, 2009 to December 31, 2010.

“Restricted Units” has the meaning set forth in the recitals to this Award Agreement.

“Tranche” means either the First Tranche or Second Tranche, as such terms are defined in Section 2(b).

(b) *Construction.* In this Award Agreement, unless a clear contrary intention appears, (a) the words “herein,” “hereof” and “hereunder” and other words of similar import refer to this Award Agreement as a whole and not to any particular Section or other subdivision, (b) reference to any Section means such Section hereof and (c) the words “including” (and with correlative meaning “include”) means including, without limiting the generality of any description preceding such term.

**2. Grant of Restricted Units; Vesting; Administration.**

(a) *Grant*. CEP hereby grants to Executive all right, title and interest in and to the record and beneficial ownership of the Restricted Units, subject to the conditions described herein.

(b) *Vesting*. Subject to Section 3(c), all rights to the Restricted Units shall fully vest in Executive and the restrictions set forth in Section 3(c) and Section 3(d) shall lapse as follows:

(i) on January 1, 2010 with respect to 15,738 Restricted Units (the “First Tranche”); and

(ii) on January 1, 2011 with respect to 15,737 Restricted Units (the “Second Tranche”).

(c) *Administration*.

(i) Issuance. The Restricted Units awarded hereunder shall be evidenced in book-entry form in the name of Executive.

(ii) Sources of Common Units Deliverable Under Grant. Any Common Units delivered pursuant to this Award Agreement shall consist, in whole or in part, of Common Units acquired in the open market, from any Affiliate, CEP or any other Person, or any combination of the foregoing as determined by the Committee in its sole discretion.

(iii) Adjustments. In the event that the Committee determines that any distribution (whether in the form of cash, Common Units, other securities or other property), recapitalization, split, reverse split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase, or exchange of Common Units or other securities of CEP, issuance of warrants or other rights to purchase Common Units or other securities of CEP, or other similar transaction or event affects the Common Units such that an adjustment is determined by the Committee to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under this Award Agreement, then the Committee shall, in such manner as it may deem equitable, adjust the number and type of Common Units (or other securities or property) subject to the Award Agreement hereunder or, if deemed appropriate by the Committee, make provision for a cash payment to Executive; provided, however, that the number of Common Units subject to the Grant shall always be a whole number; and, provided further, that the Committee shall not take any action otherwise authorized under this paragraph (b) to the extent that (i) such action would cause (A) the application of Section 409A of the Code to the Award Agreement or (B) create adverse tax consequences under Section 409A of the Code should that Code Section apply to the Award Agreement or (ii) except as permitted in Section 4, materially reduce the benefit to Executive without the consent of Executive.

### 3. Ownership Rights; Risk of Forfeiture; Transfer Restrictions.

(a) *Ownership Rights.* Subject to the restrictions set forth herein, including Section 3(b), Executive is entitled to all voting and ownership rights applicable to the Restricted Units.

(b) *Pre-vesting Distributions.*

(i) Distribution Credits. Prior to vesting pursuant to Section 2(b), Executive shall, for each Tranche, receive book-entry distribution credits ("Distribution Credits") for any distributions paid by CEP on Common Units.

(ii) Accumulation of Distribution Credits. Until a Tranche has vested pursuant to Section 2(b), CEP shall, upon payment of a distribution in respect of Common Units, record Distribution Credits in respect of that Tranche in an amount equal to (i) the number of Restricted Units in such Tranche multiplied by the per-unit distribution amount so paid, divided by (ii) the per-unit Closing Price on the payment date of such distribution.

(iii) Earning and Settlement of Distribution Credits. The Distribution Credits accumulated with respect to a Tranche shall be earned upon the vesting of such Tranche pursuant to Section 2(b). Upon vesting of a Tranche pursuant to Section 2(b), any Distribution Credits accumulated with respect to such Tranche shall, at the discretion of the Committee, be settled in cash or Common Units.

(A) For Distribution Credits to be settled in cash, the amount of such payment shall be equal to the aggregate number of earned Distribution Credits to be settled in cash multiplied by the per-unit Closing Price on the date such Tranche vests pursuant to Section 2(b).

(B) For Distribution Credits to be settled in Common Units, CEP shall issue a number of whole Common Units equal to the aggregate number of earned Distribution Credits to be settled in Common Units; provided, however, that any Distribution Credits that would have resulted in the issuance of a fractional Common Unit pursuant to this Section 3(b)(iii)(B), shall instead be settled in cash in accordance with Section 3(b)(iii)(A).

(c) *Risk of Forfeiture.*

(i) General. Subject to Section 3(c)(ii), upon termination of Executive's employment with or services to CEP and its Affiliates (including CSCI) for any reason during the applicable Restricted Period, all Restricted Units not then vested pursuant to Section 2(b) and Distribution Credits not then earned pursuant to Section 3(b)(iii) shall be automatically forfeited by Executive. The Committee may, in its discretion, waive in whole or in part such forfeiture.

(ii) Employment Agreement. Notwithstanding Section 3(c)(i) and anything to the contrary herein, if Executive's Employment Agreement (defined below) provides

for a treatment of the Restricted Units and Distribution Credits that differs from Section 3(c)(i), the terms of Executive's Employment Agreement shall control upon the termination of Executive's employment by CEP or its Affiliates (including CSCI). "Employment Agreement" means that certain Employment Agreement, dated as of May 1, 2009, entered into by and among CEP, CSCI and Executive, as such agreement may be amended from time to time.

**(d) Transfer Restrictions.**

(i) Except as provided in Section 3(d)(iii), this Award Agreement shall be payable only to Executive during Executive's lifetime, or to the person to whom Executive's rights shall pass by will or the laws of descent and distribution.

(ii) Except as provided in Section 3(d)(iii), none of the Award Agreement, any Restricted Units or Distribution Credits may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by Executive and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against CEP or any of its Affiliates.

(iii) The Restricted Units and Distribution Credits may be transferred by Executive without consideration to immediate family members or related family trusts, family limited partnerships or similar entities.

**4. Adjustments.**

Except to the extent prohibited by applicable law, the Committee is hereby authorized to make adjustments in the terms and conditions of, and the criteria included in, this Award Agreement in recognition of unusual or nonrecurring events (including the events described in Section 2(c)(iii)) affecting CEP or the financial statements of CEP, or of changes in applicable laws, regulations, or accounting principles, whenever the Committee determines that such adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available to Executive under this Award Agreement.

**5. General Provisions.**

**(a) Tax Withholding.**

(i) CEP or any Affiliate is authorized to withhold from any payment due or transfer made pursuant to this Award Agreement or from any compensation or other amount owing to a Participant the amount (in cash, Common Units, other securities, Common Units that would otherwise be issued pursuant to this Award Agreement or other property) of any applicable taxes payable at the minimum statutory rate in respect of this Award Agreement, the lapse of restrictions thereon or any payment or transfer under the Award Agreement and to take such other action as may be necessary in the opinion of CEP to satisfy its withholding obligations for the payment of such taxes.

(ii) All Common Units to be issued pursuant to this Award Agreement shall be net of tax withholding, such that the tax withholding obligation of Executive in respect of this Award Agreement and such Common Units is satisfied through the retention by CEP of a number of Common Units equal to Executive's aggregate tax withholding obligation divided by the per-unit Closing Price for the date immediately prior to the date of such issuance of Common Units.

**(iii) Executive agrees that, if he or she makes an election under Section 83(b) of the Code with regard to the Restricted Units, Executive will so notify CEP in writing within two (2) days after making such election.**

(b) *No Right to Employment or Services.* Nothing in this Award Agreement shall be construed as granting Executive the right to be retained in the employ of CEP or any of its Affiliates. Subject to the terms of the Employment Agreement, CEP or an Affiliate may at any time dismiss Executive from employment, free from any liability or any claim under this Award Agreement other than as provided under Section 3(c)(ii).

(c) *Governing Law.* This Award Agreement is entered into under, and shall be governed for all purposes by, the laws of the State of Delaware, without reference to its choice of law provisions.

(d) *Section 409A of the Code.* Notwithstanding anything in this Award Agreement to the contrary, this Award Agreement (i) is designed to avoid application of Section 409A of the Code to the Award Agreement and (ii) is designed to avoid adverse tax consequences under Section 409A of the Code should that Section apply to this Award Agreement. If any provision hereof would result in the imposition of an applicable tax under Section 409A of the Code and related regulations and pronouncements, that provision will be reformed to the extent reformation would avoid imposition of the applicable tax and no action taken to comply with Section 409A of the Code shall be deemed to adversely affect Executive's rights to the Restricted Units or to require Executive's consent.

(e) *Severability.* If any provision in this Award Agreement is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or as to any Person, or would disqualify the Award Agreement under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Award Agreement, such provision shall be stricken as to such jurisdiction or person and the remainder of the Award Agreement shall remain in full force and effect.

(f) *Other Laws.* The Committee may refuse to issue or transfer any Common Units or other consideration under this Award Agreement if, in its sole discretion, it determines that the issuance or transfer of such Common Units or such other consideration might violate any applicable law or regulation, the rules of the principal securities exchange on which the Common Units are then traded, or entitle CEP or an Affiliate to recover the same under Section 16(b) of the Securities Exchange Act of 1934, as amended, and any payment tendered to CEP by Executive, other holder or beneficiary shall be promptly refunded to the relevant Executive, holder or beneficiary.

(g) *No Trust or Fund Created.* This Award Agreement shall not create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between CEP or any participating Affiliate and Executive. To the extent that any Person acquires a right to receive payments or securities from CEP or any participating Affiliate pursuant to this Award Agreement, such right shall be no greater than the right of any general unsecured creditor of CEP or any participating Affiliate.

(h) *No Fractional Units.* No fractional Common Units shall be issued or delivered pursuant to this Award Agreement, and the Committee shall determine whether cash, other securities or other property shall be paid or transferred in lieu of any fractional Common Units or whether such fractional Common Units or any rights thereto shall be canceled, terminated or otherwise eliminated.

(i) *Headings.* Headings are given to the Sections and subsections of this Award Agreement solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of this Award Agreement or any provision thereof.

(j) *Facility Payment.* Any amounts payable hereunder to any person under legal disability or who, in the judgment of the Committee, is unable to properly manage his financial affairs, may be paid to the legal representative of such person, or may be applied for the benefit of such person in any manner which the Committee may select, and CEP and its Affiliates shall be relieved of any further liability for payment of such amounts.

(k) *Gender and Number.* Words in the masculine gender shall include the feminine gender, the plural shall include the singular and the singular shall include the plural.

(l) *No Guarantee of Tax Consequences.* None of the Board, CEP, nor the Committee makes any commitment or guarantee to Executive that any federal, state or local tax treatment will apply or be available to any Person eligible for benefits under this Award Agreement.

(m) *Certain Restrictions.* By executing this Award Agreement, Executive acknowledges that he or she has access to all documents filed by CEP with the Securities and Exchange Commission and has been provided a reasonable opportunity to ask questions of and receive answers from representatives of CEP regarding such matters. Executive agrees that he or she will enter into such representations, warranties and agreements and shall execute such documents as CEP may reasonably request in order to comply with the securities law or any other applicable laws, rules or regulations or with the terms of this Award Agreement.

(n) *No Waiver.* No failure by either party hereto at any time to give notice of any breach by the other party of, or to require compliance with, any condition or provision of this Award Agreement shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.



(o) *Counterparts*. This Award Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together will constitute one and the same agreement.

(p) *Notices*. For purposes of this Award Agreement, notices and all other communications provided in this Award Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by United States registered or certified mail, return receipt requested, postage prepaid, or when sent by recognized overnight delivery service, addressed as follows:

If to CEP:

Constellation Energy Partners LLC  
One Allen Center  
500 Dallas Street, Suite 3200  
Houston, TX 77002  
Attention: Legal Department

If to Executive:

Michael B. Hiney  
One Allen Center  
500 Dallas Street, Suite 3200  
Houston, TX 77002

or to such other address as either party may furnish to the other in writing in accordance herewith, except that notices or changes of address shall be effective only upon receipt.

(q) Entire Agreement. This Award Agreement constitutes the entire agreement of the parties with regard to the subject matter hereof, and contains all the covenants, promises, representations, warranties and agreements between the parties with respect to such subject matter. Without limiting the scope of the preceding sentence, all understandings and agreements preceding the date of execution of this Award Agreement and relating to the subject matter hereof (including the Offer Letter) are hereby null and void and of no further force and effect, including all prior employment and severance agreements, if any, by and between the Company and Executive, but excluding those certain (i) Grant Agreement Relating to Notional Units—Executives, of even date herewith, by and between CEP and Executive and (ii) Employment Agreement, of even date herewith, by and among CEP, Executive and CEP Services Company, Inc. Any modification of this Award Agreement will be effective only if it is in writing and signed by both parties.

*[Signature page follows]*

IN WITNESS WHEREOF, the parties hereto have executed this Award Agreement to be effective as of May 1, 2009.

CEP:

CONSTELLATION ENERGY PARTNERS LLC

By: \_\_\_\_\_

Name:

Title:

EXECUTIVE

\_\_\_\_\_  
Michael B. Hiney

May 1, 2009

Board of Managers  
Constellation Energy Partners LLC  
One Allen Center  
One Constellation Way  
Baltimore, Maryland 21202

Gentlemen:

We have acted as special counsel to Constellation Energy Partners LLC, a Delaware limited liability company (the "Company"), in connection with the registration statement on Form S-8 (the "Registration Statement") filed by the Company with the Securities and Exchange Commission (the "SEC") with respect to the offer and sale by the Company of 300,000 units (the "Units") representing limited liability company interests in the Company pursuant to (1) the Inducement Award Agreement, dated May 1, 2009, between the Company and Stephen R. Brunner, (2) the Inducement Award Agreement, dated May 1, 2009, between the Company and Charles C. Ward, (3) the Inducement Award Agreement, dated May 1, 2009, between the Company and Lisa J. Mellencamp and (4) the Inducement Award Agreement, dated May 1, 2009, between the Company and Michael B. Hiney (collectively, the "Inducement Grants"). This opinion is being filed with the SEC in accordance with the requirements of Item 8 of Form S-8 and Item 601(b)(5) of Regulation S-K under the Securities Act of 1933, as amended (the "Securities Act").

In rendering the opinion set forth herein, we have examined and relied on originals or copies, certified or otherwise identified to our satisfaction, of the following: (i) the Registration Statement, including the prospectus incorporated by reference therein; (ii) the Inducement Grants; (iii) the Company's certificate of formation, as amended to date; (iv) the Company's Second Amended and Restated Operating Agreement, as amended to date (the "Limited Liability Company Agreement"); and (v) certain resolutions adopted by the board of managers of the Company. We also have examined originals or copies, certified or otherwise identified to our satisfaction, of such other documents, certificates and records as we have deemed necessary or appropriate as a basis for the opinions set forth herein.

In our examination, we have assumed the legal capacity of all natural persons, the genuineness of all signatures, the authenticity of all documents submitted to us as originals, and the conformity to authentic original documents of all documents submitted to us as facsimile, electronic, certified or photostatic copies. In making our examination of executed documents, we have assumed that the parties thereto, other than the Company, had the power, corporate, limited liability company or other, to enter into and perform all obligations thereunder and have

also assumed the due authorization by all requisite action, corporate, limited liability company or other, and the execution and delivery by such parties of such documents and the validity and binding effect thereof on such parties. As to any facts material to the opinions expressed herein that we did not independently establish or verify, we have relied upon statements and representations of officers and other representatives of the Company and of public officials.

We do not express any opinion as to any laws other than the Delaware Limited Liability Company Act, and we do not express any opinion as to the effect of any other laws on the opinions stated herein.

Based upon the foregoing and subject to the limitations, qualifications, exceptions and assumptions set forth herein, we are of the opinion that the Units have been duly authorized and, when issued and paid for, to the extent required, in accordance with the Inducement Grants, will have been validly issued, fully paid (to the extent required by the Limited Liability Company Agreement) and nonassessable.

The opinion expressed above as to nonassessability of the Units is subject to (i) Section 18-607 of the Delaware Limited Liability Company Act, which in general provides that any member of a limited liability company who receives a distribution in violation of such act may be liable for the return of such distribution, and (ii) the matters described under the caption “The Limited Liability Company Agreement—Limited Liability” in the prospectus incorporated by reference into the Registration Statement.

We hereby consent to the filing of this opinion with the SEC as an exhibit to the Registration Statement. In giving this consent, we do not admit that we are included in the category of persons whose consent is required under Section 7 of the Securities Act or the rules and regulations of the SEC. The opinion expressed herein is as of the date hereof only, and is based on laws, contract terms and provisions, and facts as of such date, and we disclaim any obligation to update this opinion letter after such date or to advise you of changes of facts stated or assumed herein or any subsequent changes in law.

Very truly yours,

/s/ Andrews Kurth LLP

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We hereby consent to the incorporation by reference in this Registration Statement on Form S-8 of Constellation Energy Partners LLC of our report dated February 27, 2009, relating to the financial statements, management's assessment of the effectiveness of internal control over financial reporting and the effectiveness of internal control over financial reporting, which appears in the Annual Report on Form 10-K for the year ended December 31, 2008.

/s/ Pricewaterhouse Coopers LLP

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Pricewaterhouse Coopers LLP

Houston, Texas

May 1, 2009

**CONSENT OF INDEPENDENT PETROLEUM ENGINEERS AND GEOLOGISTS**

As independent petroleum engineers, we hereby consent to the reference to our Firm's name in the Registration Statement on Form S-8 of Constellation Energy Partners LLC for the registration of units representing limited liability company interests.

NETHERLAND, SEWELL & ASSOCIATES, INC

By: /s/ Danny D. Simmons, P.E.

Danny D. Simmons, P.E.

President and Chief Operating Officer

Houston, Texas

April 20, 2009