
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report (Date of earliest event report): June 3, 2011

Constellation Energy Partners LLC

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-33147
(Commission
File Number)

11-3742489
(IRS Employer
Identification No.)

1801 Main Street, Suite 1300
Houston, TX
(Address of principal executive offices)

77002
(Zip Code)

Registrant's telephone number, including area code: (832) 308-3700

Not applicable
(Former name or former address, if changed since last report.)

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

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

Item 1.01 Entry into a Material Definitive Agreement.

The information discussed in Item 2.03 below is incorporated herein by reference.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation Under an Off-Balance Sheet Arrangement of a Registrant.**Reserve-Based Credit Facility Amendment**

On June 3, 2011, we entered into a second amendment of our \$350.0 million credit agreement with The Royal Bank of Scotland plc as administrative agent and a syndicate of lenders. Our lenders have agreed to extend the maturity date of the reserve-based credit facility to November 13, 2013. The current lenders and their percentage commitments in the reserve-based credit facility are The Royal Bank of Scotland plc (26.84%), BNP Paribas (21.95%), The Bank of Nova Scotia (21.95%), Societe Generale (14.63%), and ING Capital LLC (14.63%). Our lenders have also completed a semi-annual review of our borrowing base pursuant to the terms of the reserve-based credit facility. Based on this review, the borrowing base has been set by the lenders at \$140.0 million.

The foregoing description of the Second Amendment to Amended and Restated Credit Agreement is qualified in its entirety by the actual amendment, a copy of which is attached hereto as Exhibit 10.1 and incorporated herein by reference.

Item 8.01 Other Events.

On June 3, 2011, Constellation Energy Partners LLC (the “Company”) issued a press release announcing that the Company accelerated \$42.0 million in debt reduction and extended its reserve-based credit facility.

A copy of the press release is furnished and attached as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated into this Item 8.01 by reference.

Funds Available for Borrowing

As of June 3, 2011, we had \$115.5 million in outstanding debt under our reserve-based credit facility and \$24.5 million in remaining borrowing capacity.

Derivative and Financial Instruments

On June 3, 2011 we executed a transaction to reset our NYMEX fixed-for-floating price swaps to \$5.75 per MMBtu for our natural gas production beginning in January 2012 through 2014. In conjunction with the transaction, we received cash payments from our swap counterparties totaling approximately \$41.3 million, which were used, together with cash on hand, to reduce our outstanding debt balance under our reserve-based credit facility by \$42.0 million to \$115.5 million. The following tables summarize, for the periods indicated, our hedges currently in place through December 31, 2015. All of these derivatives are accounted for as mark-to-market activities.

MTM Fixed Price Swaps—NYMEX

	For the quarter ended (in MMBtu)									
	March 31,		June 30,		Sept 30,		Dec 31,		Total	
	Volume	Average Price	Volume	Average Price	Volume	Average Price	Volume	Average Price	Volume	Average Price
2011			2,425,000	\$ 8.55	2,220,000	\$ 8.45	2,220,000	\$ 8.45	6,865,000	\$ 8.49
2012	2,227,500	\$ 5.75	2,227,500	\$ 5.75	2,250,000	\$ 5.75	2,250,000	\$ 5.75	8,955,000	\$ 5.75
2013	2,025,000	\$ 5.75	2,079,500	\$ 5.75	2,070,000	\$ 5.75	2,038,000	\$ 5.75	8,212,500	\$ 5.75
2014	1,575,000	\$ 5.75	1,592,500	\$ 5.75	1,610,000	\$ 5.75	1,610,000	\$ 5.75	6,387,500	\$ 5.75
									<u>30,420,000</u>	

MTM Fixed Price Swaps—CenterPoint Energy Gas Transmission (East)

	For the quarter ended (in MMBtu)									
	March 31,		June 30,		Sept 30,		Dec 31,		Total	
	Volume	Average Price	Volume	Average Price	Volume	Average Price	Volume	Average Price	Volume	Average Price
2011			180,000	\$ 7.93	180,000	\$ 7.93	180,000	\$ 7.93	540,000	\$ 7.93
									540,000	

MTM Fixed Price Basis Swaps—CenterPoint Energy Gas Transmission (East), ONEOK Gas Transportation (Oklahoma), or Southern Star Central Gas Pipeline (Texas, Oklahoma, and Kansas)

	For the quarter ended (in MMBtu)									
	March 31,		June 30,		Sept 30,		Dec 31,		Total	
	Volume	Weighted Average \$	Volume	Weighted Average \$	Volume	Weighted Average \$	Volume	Weighted Average \$	Volume	Weighted Average \$
2011			1,823,324	\$ 0.65	1,703,467	\$ 0.62	1,393,700	\$ 0.68	4,920,491	\$ 0.65
2012	1,502,800	\$ 0.58	1,427,100	\$ 0.59	1,352,900	\$ 0.61	1,295,900	\$ 0.62	5,578,700	\$ 0.60
2013	1,245,400	\$ 0.40	1,192,900	\$ 0.40	1,145,700	\$ 0.40	1,104,400	\$ 0.40	4,688,400	\$ 0.40
2014	1,053,465	\$ 0.40	1,010,529	\$ 0.40	971,508	\$ 0.40	939,067	\$ 0.40	3,974,569	\$ 0.40
									19,162,160	

MTM Fixed Price Basis Swaps—West Texas Intermediate (WTI)

	For the quarter ended (in Bbls)									
	March 31,		June 30,		Sept 30,		Dec 31,		Total	
	Volume	Average Price	Volume	Average Price	Volume	Average Price	Volume	Average Price	Volume	Average Price
2011			5,852	\$110.10	16,545	\$110.10	15,278	\$110.10	37,675	\$110.10
2012	14,183	\$108.00	13,262	\$108.00	12,520	\$108.00	11,881	\$108.00	51,846	\$108.00
2013	11,298	\$104.32	10,720	\$104.32	10,197	\$104.32	9,743	\$104.32	41,958	\$104.32
2014	9,317	\$102.25	8,959	\$102.25	8,652	\$102.25	8,367	\$102.25	35,295	\$102.25
2015	8,095	\$101.10	7,834	\$101.10	7,588	\$101.10	7,326	\$101.10	30,843	\$101.10
									197,617	

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
Exhibit 10.1	Second Amendment to Amended and Restated Credit Agreement dated as of June 3, 2011, among Constellation Energy Partners LLC, as borrower, The Royal Bank of Scotland plc, as administrative agent, and the lenders party thereto.
Exhibit 99.1	Press release dated June 3, 2011, publicly announcing that the Company accelerated \$42.0 million in debt reduction and extended the maturity date of its reserve-based credit facility.

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

CONSTELLATION ENERGY PARTNERS LLC

Date: June 3, 2011

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

EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
Exhibit 10.1	Second Amendment to Amended and Restated Credit Agreement dated as of June 3, 2011, among Constellation Energy Partners LLC, as borrower, The Royal Bank of Scotland plc, as administrative agent, and the lenders party thereto.
Exhibit 99.1	Press release dated June 3, 2011, publicly announcing that the Company accelerated \$42.0 million in debt reduction and extended the maturity date of its reserve-based credit facility.

SECOND AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT

This SECOND AMENDMENT TO AMENDED AND RESTATED CREDIT AGREEMENT (this “**Amendment**”), dated effective as of June 3, 2011, is entered into by and among CONSTELLATION ENERGY PARTNERS LLC, a Delaware limited liability company (the “**Borrower**”), and the Lenders signatory hereto (the “**Lenders**”), and THE ROYAL BANK OF SCOTLAND plc, as Administrative Agent (the “**Administrative Agent**”).

RECITALS

WHEREAS, the Borrower, the Lenders and The Royal Bank of Scotland plc, as Administrative Agent and a Lender, are party to that certain Amended and Restated Credit Agreement dated as of November 13, 2009, as amended by that certain First Amendment to Amended and Restated Credit Agreement dated as of February 11, 2010 (such Amended and Restated Credit Agreement, as the same may from time to time be amended, modified, supplemented or restated, herein called the “**Credit Agreement**”). Terms used and not otherwise defined herein shall have the respective meanings assigned to such terms in the Credit Agreement, and the provisions of Section 1.03 of the Credit Agreement are incorporated herein by reference; and

WHEREAS, the Borrower and the Lenders have agreed, subject to the terms and conditions hereinafter set forth, to amend the Credit Agreement as set forth below.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto hereby agree as follows:

SECTION 1. Amendments to the Credit Agreement.

(a) The Credit Agreement is hereby amended by deleting the following definitions in Section 1.02 of the Credit Agreement in their entirety and substituting the following in place thereof:

“**Debt**” means, for any Person, the sum of the following (without duplication): (a) all obligations of such Person for borrowed money or evidenced by bonds, bankers’ acceptances, debentures, notes or other similar instruments; (b) all obligations of such Person (whether contingent or otherwise) in respect of letters of credit, surety or other bonds and similar instruments; (c) all accounts payable, accrued expenses, liabilities or other obligations of such Person, in each such case to pay the deferred purchase price of Property or services; (d) all obligations under Capital Leases; (e) all obligations under Synthetic Leases; (f) all Debt (as defined in the other clauses of this definition) of others secured by (or for which the holder of such Debt has an existing right, contingent or otherwise, to be secured by) a Lien on any Property of such Person, whether or not such Debt is assumed by such Person; (g) all Debt (as defined in the other clauses of this definition) of others guaranteed by such Person or in which such Person otherwise assures a creditor against loss of the Debt (howsoever such assurance shall be made) to the extent of the lesser of the amount of such Debt and the maximum stated amount of such guarantee or assurance against loss; (h) all obligations or undertakings of such Person to maintain or cause to be maintained the financial position or covenants of others or to purchase the Debt or Property of others; (i) obligations to deliver commodities, goods or services, including, without limitation, Hydrocarbons, in consideration of one or more advance payments, other than gas balancing arrangements in the ordinary course of business; (j) obligations to pay for goods or services whether or not such goods or services are actually received or utilized by such Person; (k) any Debt of a partnership for which such Person is liable either by agreement, by operation of

law or by a Governmental Requirement but only to the extent of such liability; (l) Disqualified Capital Stock; and (m) the undischarged balance of any production payment created by such Person or for the creation of which such Person directly or indirectly received payment; *provided however*, Debt shall exclude all obligations under Swap Agreements. The Debt of any Person shall include all obligations of such Person of the character described above to the extent such Person remains legally liable in respect thereof notwithstanding that any such obligation is not included as a liability of such Person under GAAP.

"Maturity Date" means the earlier to occur of (a) November 13, 2013, or (b) the date that the Loan Commitments are sooner terminated pursuant to **Sections 2.06** or **10.02**.

"Swap Counterparty" means, as applicable, any Person that (a) was a party to a Swap Agreement with the Borrower or any of its Subsidiaries at the time it became a Lender under the Credit Agreement, or (b) was a Lender (or Affiliate of a Lender) at the time it became a party to a Swap Agreement with the Borrower or any of its Subsidiaries."

(b) Section 12.14 of the Credit Agreement is hereby amended by deleting such section in its entirety and substituting the following in place thereof:

"Section 12.14 **Collateral Matters; Swap Agreements**. The benefit of the Security Instruments and of the provisions of this Agreement relating to any collateral securing the Obligations shall also extend to and be available to Swap Counterparties to any Swap Agreement with the Borrower or any of its Subsidiaries on a pro rata basis in respect of any obligations of the Borrower or any of its Subsidiaries which arise under any such Swap Agreements. No Swap Counterparty shall have any voting rights under any Loan Document as a result of the existence of obligations owed to it under any such Swap Agreements."

SECTION 2. **Representations and Warranties**. The Borrower represents and warrants as follows:

(a) The Borrower is duly authorized and empowered to execute, deliver and perform this Amendment and all other instruments referred to or mentioned herein to which it is a party, and all action on its part requisite for the due execution, delivery and the performance of this Amendment has been duly and effectively taken.

(b) After giving effect to this Amendment, the representations and warranties contained in the Credit Agreement, as amended hereby, and any other Loan Documents executed in connection herewith or therewith are true in all material respects on and as of the date hereof as though made on and as of the date hereof, except to the extent that such representation or warranty was made as of a specific date, in which case such representation or warranty was true in all material respects when made.

(c) After giving effect to this Amendment, no event has occurred and is continuing which constitutes a Default.

(d) When this Amendment is duly executed and delivered, the Credit Agreement as amended by this Amendment will be legal and binding obligations of the Borrower, enforceable in accordance with their respective terms, except as limited by bankruptcy, insolvency or similar laws of general application relating to the enforcement of creditors' rights and by equitable principles of general application.

SECTION 3. **Conditions to Effectiveness**. This Amendment shall become effective when, and only when, the Administrative Agent shall have received:

(a) counterparts of this Amendment duly executed and delivered on behalf of the Borrower and all Lenders;

(b) a Secretary's Certificate of the Borrower, including resolutions authorizing the execution, delivery and performance of this Amendment and any other documents signed in connection therewith, and the Borrower's articles of formation, evidence of existence and good standing, and incumbency certificate, all in form and substance satisfactory to the Administrative Agent;

(c) the Ratification and Affirmation of Guarantors duly executed and delivered on behalf of the Guarantors; and

(d) such other documents, instruments and agreements as the Administrative Agent reasonably deems necessary, in form and substance reasonably satisfactory to the Administrative Agent.

SECTION 4. Reference to and Effect on Loan Documents.

(a) On and after the effective date of this Amendment, each reference in the Credit Agreement to "this Agreement," "hereunder," "hereof," "herein" or any other expression of like import referring to the Credit Agreement, and each reference in the other Loan Documents to "the Credit Agreement," "thereunder," "thereof," "therein" or any other expression of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement as amended by this Amendment.

(b) Except as specifically amended above, the Credit Agreement and the other Loan Documents shall remain in full force and effect and are hereby ratified and confirmed. Without limiting the generality of the foregoing, the Security Instruments and all of the Collateral described therein do and shall continue to secure the payment of all obligations stated to be secured thereby under the Credit Agreement, as amended hereby, and the other Loan Documents.

(c) The execution, delivery and effectiveness of this Amendment shall not operate as a waiver of any right, power or remedy of the Lenders under any of the Loan Documents or constitute a waiver of any provision of any of the Loan Documents.

SECTION 5. Execution in Counterparts. This Amendment may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

SECTION 6. Governing Law. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK WITHOUT REFERENCE TO THE CHOICE OF LAW PRINCIPLES THEREOF.

SECTION 7. Costs and Expenses. The Borrower agrees to pay on demand all out of pocket costs and expenses of the Administrative Agent in connection with the preparation, reproduction, execution and delivery of this Amendment and the other instruments and documents to be delivered hereunder, including reasonable legal fees and expenses for counsel for the Administrative Agent

[Signature pages follow]

The parties hereto have caused this Amendment to be executed by their respective duly authorized representatives as of the date first written above.

CONSTELLATION ENERGY PARTNERS LLC

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

26.829268% of Outstanding Principal
Amount of the Loans

THE ROYAL BANK OF SCOTLAND plc, as Administrative Agent and as a Lender

By: RBS Securities Inc., as Agent,

By: /s/ Sandra Aultman
Sandra Aultman, Director

21.951220% of Outstanding Principal
Amount of the Loans

THE BANK OF NOVA SCOTIA, as a Lender

By: /s/ John Frazell
Name: John Frazell
Title: Director

21.951220% of Outstanding Principal
Amount of the Loans

BNP PARIBAS, as a Lender

By: /s/ Richard Hawthorne
Name: Richard Hawthorne
Title: Director

By: /s/ Juan Carlos Sandoval
Name: Juan Carlos Sandoval
Title: Director

14.634146% of Outstanding Principal
Amount of the Loans

ING Capital LLC, as a Lender

By: /s/ Juli Bieser
Name: Juli Bieser
Title: Director

14.634146% of Outstanding Principal
Amount of the Loans

SOCIÉTÉ GÉNÉRALE, as a Lender

By: /s/ Stephen W. Warfel
Name: Stephen W. Warfel
Title: Managing Director

**News Release**

General Inquiries: 877.847.0008
www.constellationenergypartners.com

Investor Contact: **Charles C. Ward**
 877.847.0009

Constellation Energy Partners Accelerates**Debt Reduction and Extends Credit Facility**

HOUSTON—(BUSINESS WIRE)—June 3, 2011—Constellation Energy Partners LLC (NYSE Arca: CEP) today announced that, in conjunction with extending the maturity date of its reserve-based credit facility by one year, the company has reduced debt by \$42 million to \$115.5 million outstanding. The cash used to reduce debt was raised by resetting the fixed price on certain hedges related to the company's 2012 through 2014 natural gas production to \$5.75 per MMBtu.

The company also today reaffirmed its 2011 forecast, including guidance on plans to reduce debt \$25 million to \$30 million this year, which is in addition to the debt reduction announced today.

“We’ve accelerated debt reduction by restructuring our hedges in a way that does not negatively affect our net asset value or impact our strategic focus, operational plans, or capital program for the future,” said Stephen R. Brunner, President and Chief Executive Officer of Constellation Energy Partners. “We’ve now reduced debt by more than \$100 million since first announcing plans for debt reduction in 2009. With the additional debt reduction planned for the remainder of this year, we now expect to be below \$100 million in debt outstanding by year-end. Our lower level of debt, coupled with our continued operational successes, improving natural gas prices, and a focus on exploiting the oil potential in our asset base, puts us in a position to consider a wider range of opportunities to increase unitholder value.”

Liquidity Update

The company also announced that its lenders have completed their semi-annual review of the borrowing base under its reserve-based credit facility. Pursuant to that review, which takes into account the lower fixed prices stemming from the hedge restructuring, the borrowing base has been set by the lenders at \$140.0 million.

Hedge Positions

The hedge restructuring relates to the company’s NYMEX fixed-for-floating price swaps for natural gas production for the period January 2012 through December 2014. There were no changes to any of the company’s other hedges. After resetting the fixed price on NYMEX hedges in place for the period 2012 through 2014, the company maintains the following NYMEX hedges on its 2012 through 2014 natural gas production:

	NYMEX	
	Volume (MMBtu)	Average Price (\$/MMBtu)
2012	8,955,000	\$ 5.75
2013	8,212,500	\$ 5.75
2014	6,387,500	\$ 5.75
Total	23,555,000	\$ 5.75

Additional information about the company’s credit facility and hedge program can be found in the company’s filings with the Securities and Exchange Commission and on the company’s Web site (<http://www.constellationenergypartners.com>).

About the Company

Constellation Energy Partners LLC is a limited liability company focused on the acquisition, development and production of oil and natural gas properties, as well as related midstream assets.

Forward-Looking Statements

We make statements in this news release that are considered forward-looking statements within the meaning of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. These forward-looking statements are largely based on our expectations, which reflect estimates and assumptions made by our management. These estimates and assumptions reflect our best judgment based on currently known market conditions and other factors. Although we believe such estimates and assumptions to be reasonable, they are inherently uncertain and involve a number of risks and uncertainties that are beyond our control. In addition, management’s assumptions about future events may prove to be inaccurate. Management cautions all readers that the forward-looking statements contained in this news release are not guarantees of future performance, and we cannot assure you that such statements will be realized or the forward-looking events and circumstances will occur. Actual results may differ materially from those anticipated or implied in the forward-looking statements due to factors listed in the “Risk Factors” section in our SEC filings and elsewhere in those filings. All forward-looking statements speak only as of the date of this news release. We do not intend to publicly update or revise any forward-looking statements as a result of new information, future events or otherwise. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf.