
**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): December 31, 2008

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.)

100 Constellation Way
Baltimore, MD
(Address of principal executive offices)

21202
(Zip Code)

Registrant's telephone number, including area code: (410) 468-3500

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))
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Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

Employment Agreements

On December 31, 2008, Constellation Energy Partners LLC (the “Company”) entered into letter agreements (the “Letter Agreements”) with Stephen R. Brunner, its President, Chief Executive Officer and Chief Operating Officer, and Charles C. Ward, its Chief Financial Officer and Treasurer. The Letter Agreements became effective as of January 1, 2009 and state that the Company expects to finalize the terms of employment in employment agreements to be entered into in early 2009 (the “Definitive Agreements”). Pursuant to the Letter Agreements, Mr. Brunner and Mr. Ward will receive an annual base salary of \$300,000 and \$225,000, respectively, as well as the right to participate in the Company’s Long-Term Incentive Plan and an annual incentive plan that the Company expects to adopt in early 2009.

Under Mr. Brunner’s Letter Agreement, Mr. Brunner will (i) be eligible to receive a 2009 annual incentive award equal to 100% of his annual base salary for target-level performance and 200% of his annual base salary for superior performance; (ii) receive a Long-Term Incentive award with an expected value of \$1.2 million (which may be comprised of both cash and an equity-based award) vesting ratably on a yearly basis (subject to Company performance) over three years and (iii) receive an Inducement Bonus of \$600,000 (which may be comprised of both cash and an equity-based award), with 50% of the total value of the Inducement Bonus vesting and becoming payable on each of the first and second anniversaries of the execution of the Definitive Agreement.

Under Mr. Ward’s Letter Agreement, Mr. Ward will (i) be eligible to receive a 2009 annual incentive award equal to 75% of his annual base salary for target-level performance and 150% of his annual base salary for superior performance; (ii) receive a Long-Term Incentive award with an expected value of \$450,000 (which may be comprised of both cash and an equity-based award) vesting ratably on a yearly basis (subject to Company performance) over three years and (iii) receive an Inducement Bonus of \$450,000 (which may be comprised of both cash and an equity-based award), with 50% of the total value of the Inducement Bonus vesting and becoming payable on each of the first and second anniversaries of the execution of the Definitive Agreement.

Under the Letter Agreements, if, following a change in control event, the employment of either executive is terminated by the Company in an “Involuntary Termination” or by the executive in a termination for “good reason,” the Company will (a) make within 60 days a cash payment of (i) 200% of the then-current Annual Base Salary plus target Annual Incentive, (ii) the then-current Annual Incentive paid out as if Target Level Performance were achieved, prorated on a monthly basis and (iii) the outstanding performance-based Long-Term Incentive, paid out as if Target Level Performance were achieved, prorated on a monthly basis, (b) immediately accelerate vesting of all outstanding service-based Long-Term Incentive awards and Inducement Bonus, (c) continue the executive’s benefits for a one-year period and (d) provide for a full tax gross-up in connection with the items detailed in (a), (b) and (c) above. The Letter Agreements also provide that complete definitions, terms and conditions will be provided in the Definitive Agreements.

Copies of the Letter Agreements are attached as Exhibit 10.1 and Exhibit 10.2 to this Current Report on Form 8-K, and the summary of the Letter Agreements above is qualified by reference to such exhibits.

Manager Resignation and Appointment of Class A Manager

On December 31, 2008, Andrew C. Kidd resigned from his position as a Class A manager of the Board of Managers of the Company.

Effective December 31, 2008, Stephen R. Brunner has been appointed by Constellation Energy Partners Management LLC, the sole owner of the Company’s Class A units, to serve as a Class A manager of the Board of Managers of the Company. Mr. Brunner is the President, Chief Executive Officer and Chief Operating Officer of the Company. He will receive no compensation for his service on the Board of Managers.

A copy of the press release relating to these matters is attached as Exhibit 99.1 to this Current Report on Form 8-K and is incorporated herein by reference.

The Company has made certain statements in this Current Report on Form 8-K, and the press release filed here with, that are considered forward-looking statements within the meaning of the Securities Exchange Act of 1934. These forward-looking statements are largely based on the Company’s expectations, which reflect estimates and assumptions made by the Company’s management. These estimates and assumptions reflect the Company’s best judgment based on currently known market conditions and other factors. Although the Company believes such estimates and assumptions to be reasonable, they are inherently uncertain and involve a number

of risks and uncertainties that are beyond the Company’s 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 Current Report on Form 8-K, and the press release filed herewith, are not guarantees of future performance, and the Company 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 the Company’s Securities and Exchange Commission filings and elsewhere in those filings. All forward-looking statements speak only as of the date of this Current Report on Form 8-K and the press release filed herewith. The Company does not intend to publicly update or revise any forward-looking statements as a result of new information, future events or otherwise.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description</u>
10.1	Letter Agreement dated December 31, 2008 between Constellation Energy Partners LLC and Stephen R. Brunner.
10.2	Letter Agreement dated December 31, 2008 between Constellation Energy Partners LLC and Charles C. Ward.
99.1	Press Release dated January 7, 2009.

SIGNATURES

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

CONSTELLATION ENERGY PARTNERS LLC

Date: January 7, 2009

By: /s/ Charles C. Ward

Charles C. Ward

Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description
10.1	Letter Agreement dated December 31, 2008 between Constellation Energy Partners LLC and Stephen R. Brunner.
10.2	Letter Agreement dated December 31, 2008 between Constellation Energy Partners LLC and Charles C. Ward.
99.1	Press Release dated January 7, 2009.



500 Dallas, Suite 3300
Houston, TX 77002

December 31, 2008

Mr. Stephen R. Brunner
500 Dallas Street, Suite 3300
Houston, TX 77002

Dear Steve:

We are pleased to confirm to you our offer of employment as President, Chief Executive Officer and Chief Operating Officer of Constellation Energy Partners LLC (the "Company"), effective January 1, 2009. A summary of the key terms of your compensation package are provided in Exhibit A hereto. We anticipate finalizing the terms of your employment in an employment agreement (the "Definitive Agreement") to be entered into in early 2009. Upon our execution of the Definitive Agreement, the precise terms of your employment will be subject in all cases to the terms and conditions of the Definitive Agreement.

In joining the Company, we recognize that you retain the option, as does the Company, of ending your employment at any time, with or without notice and with or without cause. As such, your employment will be at-will, and neither this letter nor any other oral or written representations may be considered a contract requiring the Company or you to maintain your employment for any specific period of time. While the parties will have this freedom to terminate your employment, the Company recognizes that certain terminations will have specific consequences under the terms of your employment, in each case as initially described in this letter and, upon execution by the Company and you of the Definitive Agreement, as provided in the Definitive Agreement. In addition, except where state law prohibits, the Company maintains a random drug testing program to which you will be expected to submit as a condition of continued employment.

This offer of employment is contingent on your execution and return to us of this offer letter.

If this letter outlines your understanding as to the terms of your employment, please sign and return a copy of this letter to me to indicate your understanding and acceptance of the terms of your employment. If you have any questions, please contact me at xxx-xxx-xxxx.

Sincerely,

/s/ John N. Seitz

John N. Seitz
Chairman, Compensation Committee

I acknowledge and accept the terms and conditions set forth in this offer letter.

/s/ Stephen R. Brunner

Stephen R. Brunner
Signature

12/31/2008

Date

EXHIBIT A
Summary of Key Compensation Terms
Stephen R. Brunner

Annual Base Salary	Initially, \$300,000, earned and paid bi-weekly.
Annual Incentive Plan	<p>Participation in Company's Annual Incentive Plan, which will be developed during the first quarter of 2009;</p> <p>An annual incentive award opportunity for 2009 of 100% of Annual Base Salary for the achievement of Target Level Performance;</p> <p>Up to 200% of Annual Base Salary for superior performance;</p> <p>Performance will be determined by the Compensation Committee of the Board of Managers, pursuant to the terms and conditions of the Annual Incentive Plan.</p>
Long-Term Incentive	<p>Participation in Company's Long-Term Incentive Plan;</p> <p>2009 award:</p> <ul style="list-style-type: none">• \$1.2 million expected value as of the date of grant;• Equity-Favored Grant; and• Vesting ratably on a yearly basis, and/or earned (subject to Company performance), over 3 years. <p>"<u>Equity-Favored Grant</u>" means a grant that may have both cash and equity-based components, as determined by the Compensation Committee in its sole discretion, and is geared to include as much of an equity-based component as possible given the number of common units then available under the Long-Term Incentive Plan.</p>
Inducement Bonus	<p>\$600,000 expected value at the date on which the parties enter into a Definitive Agreement;</p> <p>Equity-Favored Grant;</p> <p>50% of the total value of the bonus will vest and be payable on each the first and second anniversaries of the execution of the Agreement; and</p> <p>Accelerated vesting upon involuntary termination (other than for cause) or voluntary termination for good reason, in each case as such terms are customarily defined.</p>
Benefits	Eligibility to participate in Company plans available to all full-time employees.
Change in Control	<p>Upon the occurrence of an involuntary termination (other than for cause) or voluntary termination for good reason following a change in control event (as such term will be defined in the Definitive Agreement), then:</p> <ul style="list-style-type: none">• Cash payment (within 60 days) of 200% of then-current Annual Base Salary plus target Annual Incentive;• Cash payment (within 60 days) of then-current Annual Incentive paid out as if Target Level Performance were achieved, prorated on monthly basis;• Immediate accelerated vesting of all outstanding service-based Long-Term Incentive awards and Inducement Bonus;• Cash payment (within 60 days) of outstanding performance-based Long-Term Incentive, paid out as if Target Level Performance were achieved, prorated on monthly basis;• Continuation of Benefits for 1-year period; and• Full tax gross-up on (i) any excise tax resulting from the immediately preceding 5 bullets and (ii) any income tax resulting from the gross-up described in clause (i) of this bullet. <p>Complete definitions, terms and conditions will be provided in the Definitive Agreement.</p>



500 Dallas, Suite 3300
Houston, TX 77002

December 31, 2008

Mr. Charles C. Ward
500 Dallas Street, Suite 3300
Houston, TX 77002

Dear Chuck:

We are pleased to confirm to you our offer of employment as Chief Financial Officer and Treasurer of Constellation Energy Partners LLC (the "Company"), effective January 1, 2009. A summary of the key terms of your compensation package are provided in Exhibit A hereto. We anticipate finalizing the terms of your employment in an employment agreement (the "Definitive Agreement") to be entered into in early 2009. Upon our execution of the Definitive Agreement, the precise terms of your employment will be subject in all cases to the terms and conditions of the Definitive Agreement.

In joining the Company, we recognize that you retain the option, as does the Company, of ending your employment at any time, with or without notice and with or without cause. As such, your employment will be at-will, and neither this letter nor any other oral or written representations may be considered a contract requiring the Company or you to maintain your employment for any specific period of time. While the parties will have this freedom to terminate your employment, the Company recognizes that certain terminations will have specific consequences under the terms of your employment, in each case as initially described in this letter and, upon execution by the Company and you of the Definitive Agreement, as provided in the Definitive Agreement. In addition, except where state law prohibits, the Company maintains a random drug testing program to which you will be expected to submit as a condition of continued employment.

This offer of employment is contingent on your execution and return to us of this offer letter.

If this letter outlines your understanding as to the terms of your employment, please sign and return a copy of this letter to me to indicate your understanding and acceptance of the terms of your employment. If you have any questions, please contact me at either xxx-xxx-xxxx or xxx-xxx-xxxx.

Sincerely,

/s/ Stephen R. Brunner

Stephen R. Brunner
President, CEO and COO

I acknowledge and accept the terms and conditions set forth in this offer letter.

/s/ Charles C. Ward

Charles C. Ward
Signature

12/31/2008

Date

EXHIBIT A
Summary of Key Compensation Terms
Charles C. Ward

Annual Base Salary	Initially, \$225,000, earned and paid bi-weekly.
Annual Incentive Plan	<p>Participation in Company's Annual Incentive Plan, which will be developed during the first quarter of 2009;</p> <p>An annual incentive award opportunity for 2009 of 75% of Annual Base Salary for the achievement of Target Level Performance;</p> <p>Up to 150% of Annual Base Salary for superior performance;</p> <p>Performance will be determined by the Compensation Committee of the Board of Managers, pursuant to the terms and conditions of the Annual Incentive Plan.</p>
Long-Term Incentive	<p>Participation in Company's Long-Term Incentive Plan;</p> <p>2009 award:</p> <ul style="list-style-type: none">• \$450,000 expected value as of the date of grant;• Equity-Favored Grant; and• Vesting ratably on a yearly basis, and/or earned (subject to Company performance), over 3 years. <p>"<u>Equity-Favored Grant</u>" means a grant that may have both cash and equity-based components, as determined by the Compensation Committee in its sole discretion, and is geared to include as much of an equity-based component as possible given the number of common units then available under the Long-Term Incentive Plan.</p>
Inducement Bonus	<p>\$450,000 expected value at the date on which the parties enter into a Definitive Agreement;</p> <p>Equity-Favored Grant;</p> <p>50% of the total value of the bonus will vest and be payable on each the first and second anniversaries of the execution of the Agreement; and</p> <p>Accelerated vesting upon involuntary termination (other than for cause) or voluntary termination for good reason, in each case as such terms are customarily defined.</p>
Benefits	Eligibility to participate in Company plans available to all full-time employees.
Change in Control	<p>Upon the occurrence of an involuntary termination (other than for cause) or voluntary termination for good reason following a change in control event (as such term will be defined in the Definitive Agreement), then:</p> <ul style="list-style-type: none">• Cash payment (within 60 days) of 200% of then-current Annual Base Salary plus target Annual Incentive;• Cash payment (within 60 days) of then-current Annual Incentive paid out as if Target Level Performance were achieved, prorated on monthly basis;• Immediate accelerated vesting of all outstanding service-based Long-Term Incentive awards and Inducement Bonus;• Cash payment (within 60 days) of outstanding performance-based Long-Term Incentive, paid out as if Target Level Performance were achieved, prorated on monthly basis;• Continuation of Benefits for 1-year period; and• Full tax gross-up on (i) any excise tax resulting from the immediately preceding 5 bullets and (ii) any income tax resulting from the gross-up described in clause (i) of this bullet. <p>Complete definitions, terms and conditions will be provided in the Definitive Agreement.</p>



News Release
Media Line: 410 470-7433
www.constellationenergypartners.com

Media Contact: Lawrence McDonnell
410 470-7433

Investor Contact: Tonya Cultice
410 470-5619

Constellation Energy Partners Announces Organizational Changes

- **Appoints Stephen R. Brunner to Board of Managers and Lisa J. Mellencamp as General Counsel**
- **Transitions Executives from Management Services Agreement**

HOUSTON, Jan. 07, 2008 - Constellation Energy Partners (NYSE Arca: CEP) today announced that Stephen R. Brunner, president, chief executive officer and chief operating officer of Constellation Energy Partners, has been appointed by Constellation Energy as a Class A manager on the Board of Managers to fill the vacancy resulting from the resignation of Andrew C. Kidd. Both the appointment and resignation became effective as of Dec. 31, 2008.

The company named Lisa J. Mellencamp, formerly associate general counsel of Constellation Energy Resources, as general counsel effective Jan. 1, 2009.

The company also indicated Brunner, Mellencamp, Charles C. Ward, chief financial officer and treasurer, and Michael B. Hiney, chief accounting officer for Constellation Energy Partners, have been transitioned from the management services agreement to become employees of Constellation Energy Partners. In conjunction with the transition, the company entered into letter agreements outlining compensation packages for each executive. The transition of the executive team became effective as of Jan. 1, 2009.

"The changes we announced today are important steps in positioning the company for the long-term," said John R. Collins, chairman of the Board of Managers for Constellation Energy Partners. "We feel these changes should provide investors with increased transparency in the alignment of our executives to the

objectives and performance of the company. The Board of Managers has confidence in the executive team and believes their continued leadership will be instrumental in allowing the company to deliver on its 2009 business plan and successfully navigate the challenges of the upcoming year.”

Executive Biographies

Stephen R. Brunner was appointed president and chief executive officer of Constellation Energy Partners in March 2008 and continued to serve in the role of chief operating officer, a role he assumed in February 2008. Mr. Brunner has more than 25 years of experience operating oil and gas properties both domestically and internationally. Prior to joining Constellation Energy Partners, Mr. Brunner also served as a vice president for Constellation Energy Commodities Group, Inc., where he provided support for Constellation Energy Partners in various operational activities. Prior to joining Constellation Energy in February 2008, Mr. Brunner served in various leadership roles at Pogo Producing Company, Zilkha Energy Company, Chevron Corporation and Tenneco Oil Company.

Lisa J. Mellencamp was appointed general counsel of Constellation Energy Partners in January 2009. Ms. Mellencamp has more than 25 years of legal experience and an extensive energy background. Prior to joining Constellation Energy Partners, Ms. Mellencamp served as associate general counsel for Constellation Energy Resources, where she supervised the legal group supporting the upstream and downstream wholesale gas and retail gas businesses. Ms. Mellencamp has also assisted Constellation Energy Partners in various legal activities, including the company’s initial public offering in November 2006. Prior to joining Constellation Energy in March 2005, Ms. Mellencamp held various legal positions at Duke Energy and Enron North America and was a partner in the law firms of Gardere Wynne Sewell LLP and Hutcheson & Grundy, L.L.P.

Charles C. Ward was appointed chief financial officer and treasurer of Constellation Energy Partners in March 2008. Mr. Ward has over 15 years of finance and energy industry experience. Prior to joining Constellation Energy Partners, Mr. Ward also served as a vice president for Constellation Energy Commodities Group, Inc., where he provided support for Constellation Energy Partners in various finance activities and helped to lead the company through its initial public offering in November 2006. Prior to joining Constellation Energy in November 2005, Mr. Ward held finance and asset management positions at Enron North America, El Paso Energy, and Tenneco.

Michael B. Hiney was appointed chief accounting officer of Constellation Energy Partners in March 2008. Mr. Hiney has over 18 years of energy industry and energy related accounting experience. Prior to joining Constellation Energy Partners, Mr. Hiney also served as a vice president for Constellation Energy Commodities Group, Inc. where he served as controller for Constellation Energy Partners and helped to lead the company through its initial public offering in November 2006. Prior to joining Constellation Energy in July

2006, Mr. Hiney held various roles at El Paso Exploration & Production Company for 16 years, including assistant controller, director of financial reporting, and manager of financial reporting and general accounting.

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 and the Securities Exchange Act of 1934. 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.

Constellation Energy Partners LLC (<http://www.constellationenergypartners.com>) is a limited liability company focused on the acquisition, development and exploitation of oil and natural gas properties, as well as related midstream assets.

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