

---

---

**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: June 15, 2011**

**Date of earliest event reported: June 13, 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 7.01 Regulation FD Disclosure.**

On June 15, 2011, Constellation Energy Partners LLC (the "Company") issued a news release announcing that the settlement between the Company, Trust Venture Company, LLC, and Torch Energy Royalty Trust ("Trust") previously approved in all respects on April 13, 2011, by the Circuit Court of Tuscaloosa County, Alabama in the matter captioned Trust Venture Company, LLC v. Constellation Energy Partners LLC (CV-2008-900751) by its terms became effective on June 13, 2011.

A copy of the news release is furnished as Exhibit 99.3 to this Current Report on Form 8-K.

In accordance with General Instruction B.2 of Form 8-K, the information contained in this report shall not be deemed "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall such information and Exhibit be deemed incorporated by reference into any filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, each as amended, except as shall be expressly set forth by specific reference in such filing.

**Item 8.01 Other Events.***Litigation Related to Trust Termination*

As previously disclosed, on January 8, 2009, we were served by Trust Venture, on behalf of the Trust, with a purported derivative action filed in the Circuit Court of Tuscaloosa County, Alabama (the "Court"). The lawsuit relates to the non-operating net profits interest ("NPI") held by the Trust on certain wells owned by Robinson's Bend Production II, LLC ("RBP II"), a subsidiary of the Company, in the Robinson's Bend Field in Alabama, and alleges, among other things, a breach of contract under the conveyance associated with the NPI (the "Conveyance") and the agreement establishing the Trust and asserting that above market rates for services were paid, reducing the amounts paid to the Trust in connection with the NPI. The lawsuit seeks unspecified damages and an accounting of the NPI. The Court has made the Trust a nominal party to the lawsuit. At a preliminary hearing on February 17, 2011, the Court approved a form of notice of a settlement among the parties to be sent by the Trust to its unitholders. On April 13, 2011, the Court approved the settlement. The effective date of the settlement was June 13, 2011. The settlement with Trust Venture, its successor and the Trust provides, among other things:

- RBP II will make a payment of \$1.2 million to reimburse Trust Venture and its successor for their legal fees and expenses incurred in prosecuting the lawsuit;
- RBP II will make an irrevocable offer to purchase the NPI relating to the Robinson's Bend Field from the Trust for at least \$1 million, when it is separately offered for sale by the Trust at public auction within 180 days of the effective date of the settlement, with such bid amount to be deposited by RBP II in a third-party escrow account pending the public auction. RBP II, as well as any other bidders at the auction, shall have a right to submit a higher topping bid;
- The parties agree that the cumulative deficit balance in the NPI account is approximately \$5.8 million as of September 30, 2010, and that no further payments will be due to the Trust with respect to the NPI unless and until the cumulative deficit balance is reduced to zero;
- Trust Venture and its successor agree, on behalf of the Trust, that all prior and current calculations, charges and deductions contained in such cumulative deficit NPI balance are in compliance with the terms of the Conveyance and, to the extent applicable thereunder, do not exceed competitive contract charges prevailing in the area for any such operations and services;
- The Water Gathering and Disposal Agreement between RBP II and another subsidiary of the Company will be amended to reduce the fee from \$1.00 per barrel to \$0.53 per barrel beginning on the first day of the month following the effective date of the settlement and to extend the term for an additional ten years, and Trust Venture and its successor agree, on behalf of the Trust, that the fees under such agreement do not exceed competitive contract charges prevailing in the area for the operations and services provided under such agreement during the extended term of such agreement;
- A mutual release among the parties and a dismissal with prejudice of the lawsuit; and
- An effective date of the settlement upon final approval by the Court.

The foregoing description of the Third Amendment to Water Gathering and Disposal Agreement set forth above is qualified in its entirety by reference to such amendment, the full text of which is filed herewith as Exhibit 99.1. The foregoing description of the Settlement and Release Agreement is qualified in its entirety by reference to such agreement, the full text of which is filed herewith as Exhibit 99.2.

The Company has made certain statements in this Current Report on Form 8-K that are considered forward-looking statements within the meaning of the Securities Exchange Act of 1934, as amended. 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 including, without limitation, the results of the public auction of the NPI. 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 news 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 news 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>
99.1	Third Amendment dated June 13, 2011, to Water Gathering and Disposal Agreement dated November 30, 2004, by and between Robinson's Bend Operating II, LLC, successor in interest to Torch Energy Associates Ltd., and Robinson's Bend Production II, LLC, successor in interest to Everlast Energy LLC, successor in interest to Velasco Gas Company Ltd.
99.2	Settlement and Release Agreement, effective as of June 13, 2011
99.3	News Release dated June 15, 2011

**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: June 15, 2011

By: /s/ Michael Hiney  
Michael B. Hiney  
Chief Accounting Officer and Controller

**THIRD AMENDMENT TO WATER GATHERING AND DISPOSAL AGREEMENT**

This Third Amendment to Water Gathering and Disposal Agreement (this "Third Amendment") is entered into and effective (the "Effective Date") as of the 1<sup>st</sup> day of the calendar month following the execution of this Third Amendment by and between Robinson's Bend Production II, LLC, a Delaware limited liability company, successor in interest to Everlast Energy LLC, a Delaware company ("Producer"), and Robinson's Bend Operating II, LLC, a Delaware limited liability company, successor in interest to Torch Energy Associates Ltd., a Texas limited partnership ("Gatherer").

**RECITALS:**

- A. Reference is herein made to (i) that certain Water Gathering and Disposal Agreement entered into as of August 9, 1990, by and between Producer's and Gatherer's respective predecessors in interest at such time (the "Original Agreement"), (ii) that certain First Amendment to Water Gathering and Disposal Agreement entered into as of October 1, 1993, by and between such parties (the "First Amendment"), and (iii) that certain Second Amendment to Water Gathering and Disposal Agreement entered into as of November 30, 2004, by and between such parties (the "Second Amendment"; the Original Agreement, as amended by the First Amendment and the Second Amendment, is herein called the "Agreement"). Capitalized terms used herein but not otherwise defined herein shall have the respective meanings assigned to them in the Agreement.
- B. Reference is further made to that certain Net Overriding Royalty Conveyance (Torch Energy Royalty Trust) (Alabama) dated November 22, 1993 (the "Conveyance"), which granted a net overriding royalty interest ("Conveyed Interests") to the Torch Energy Royalty Trust, a Delaware statutory trust (the "Trust").
- C. The parties hereto deem it in their mutual best interests to amend the Agreement as provided herein.

**AGREEMENT:**

NOW, THEREFORE, in consideration of the premises and of the mutual promises and agreements contained herein and in the Agreement, the receipt and sufficiency of which are hereby acknowledged, Producer and Gatherer agree as follows:

1. Amendment to Section 3.1. Section 3.1 of the Agreement is hereby amended in its entirety to read as follows:

"3.1 Producer shall pay Gatherer a fee of \$0.53 per barrel for gathering, separation and disposal of water from and after the Effective Date, for a period of ten (10) years."

2. Amendment to Article VII. The first sentence of Article VII is hereby amended to insert the date “December 31, 2021” in place of “December 31, 2012.”

3. Third Party Beneficiary. Upon sale of the Conveyed Interests by the Trust, the purchaser of the Conveyed Interests from the Trust shall be a third party beneficiary of the Agreement, as amended by this Third Amendment, entitled to enforce the Agreement (as amended by this Third Amendment) against the parties to the Agreement and this Third Amendment as if a party hereto.

4. Ratification. The Agreement, as amended by this Third Amendment, is hereby ratified and confirmed in all respects.

IN WITNESS WHEREOF, the undersigned have executed this Third Amendment as of June 13, 2011.

PRODUCER:

Robinson’s Bend Production II, LLC

By: /s/ Stephen R. Brunner

Name: Stephen R. Brunner

Title: President & Chief Executive Officer

GATHERER:

Robinson’s Bend Operating II, LLC

By: /s/ Stephen R. Brunner

Name: Stephen R. Brunner

Title: President & Chief Executive Officer

**SETTLEMENT AND RELEASE AGREEMENT**

This Settlement and Release Agreement (the "Agreement") is being entered into by and among Trust Venture Company, LLC ("TVC"), a Delaware limited liability company; Trust Acquisition Company, LLC ("TAC"), a Delaware limited liability company; Wilmington Trust Company, not in its individual capacity but solely as Trustee for the Torch Energy Royalty Trust (the "Trustee"), a Delaware statutory trust (the "Trust"); Constellation Energy Partners LLC, a Delaware limited liability company ("CEP"); Robinson's Bend Production II, LLC ("RBP II"), a Delaware limited liability company; and Robinson's Bend Operating II, LLC ("RBO II"), a Delaware limited liability company, collectively the "Parties."

**RECITALS**

WHEREAS, pursuant to the terms of that certain Net Overriding Royalty Conveyance (Torch Energy Royalty Trust) (Alabama) dated November 22, 1993 (the "Conveyance"), Velasco Gas Company, Ltd. ("Velasco") granted a net overriding royalty interest to the Trust in certain oil and gas wells located on certain lands in Alabama in which Velasco then had an interest ("Alabama NORRI").

WHEREAS, RBP II is the successor-in-interest to Velasco's rights and obligations under the Conveyance.

WHEREAS, on or about January 31, 2008, approximately 75.6% of the outstanding units in the Trust were owned by TVC.

WHEREAS, on or about February 19, 2010, TVC filed a certificate of cancellation with the Delaware Secretary of State to cancel TVC, and all of the Trust units then owned by TVC were transferred to TAC.

WHEREAS, as of the date of this Agreement, TAC owns approximately 75.6% of the outstanding units in the Trust.

WHEREAS, Torch Energy Associates Ltd. ("TEA") and Velasco were the original parties to a Water Gathering and Disposal Agreement dated August 9, 1990, which was amended pursuant to that First Amendment to Water Gathering and Disposal Agreement dated October 1, 1993, and further amended pursuant to that Second Amendment to Water Gathering and Disposal Agreement dated November 30, 2004 (as amended, the "Water Gathering and Disposal Agreement").

WHEREAS, the Water Gathering and Disposal Agreement provides for the gathering and disposal of water generated by the oil and gas wells subject to the Conveyance.

WHEREAS, RBP II is the successor-in-interest to Velasco's rights and obligations under the Water Gathering and Disposal Agreement and RBO II is the successor-in-interest to TEA's rights and obligations under the Water Gathering and Disposal Agreement.

WHEREAS, on or about December 30, 2008, TVC, on behalf of and with the authorization and consent of the Trust, filed Civil Action No. CV-2008-900751 (the "Lawsuit") in the Circuit Court of Tuscaloosa County, Alabama (the "Court") asserting various derivative claims on behalf of the Trust against CEP in connection with the Conveyance and Alabama NORRI payments. CEP has denied the allegations raised in the Lawsuit.

WHEREAS, the Parties are aware of the risks, uncertainties, and costs of continued litigation, and now desire, without admitting liability, but solely in the interest of resolving all matters in dispute between them, to enter into this Agreement.

NOW, THEREFORE, in consideration of the mutual agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the Parties agree as follows:

## **AGREEMENT**

**1. Cash Payment.** Within two (2) business days following the Effective Date of this Agreement, RBP II will make a cash payment for the benefit of the Trust of one million, two hundred thousand United States dollars (US \$1,200,000.00) (the "Cash Payment"). The Cash Payment shall be made by making a wire transfer payment in immediately available funds to a bank account of TVC as specified in writing to RBP II, in order to reimburse TVC and TAC for their legal fees and expenses incurred in prosecuting the Lawsuit.

### **2. General Releases.**

**a. Releases to the CEP Parties.** Upon delivery of the Cash Payment and the deposit of the escrow amount as provided in Section 7.a of this Agreement, each of TVC, TAC, the Trustee and the Trust, for themselves and their respective past, present and future officers, directors, managers, employees, shareholders, unitholders, members, partners, agents, attorneys, accountants, insurers, parents, subsidiaries, related and affiliated persons and entities, predecessors, successors and assigns (the "Plaintiff Parties") agree to and hereby release and forever discharge CEP, RBP II, RBO II, Robinson's Bend Marketing II, LLC and each of their respective past, present and future officers, directors, managers, employees, shareholders, unitholders, members, partners, agents, attorneys, accountants, insurers, parents, subsidiaries, related and affiliated persons and entities, predecessors, successors and assigns, including, without limitation, all predecessors in interest of RBP II to the Conveyance and of each of RBP II and RBO II to the Water Gathering and Disposal Agreement (the "CEP Parties") from any and all liabilities, demands, losses, debts, taxes, causes of action, obligations, damages, costs, attorneys' fees, expenses, and/or claims raised or that could have been raised from the beginning of time through the Effective Date, including, but not limited to, any such claims based in contract, quasi-contract or tort (including negligence), any right to audit or to audited financial statements, any rights as third party beneficiary and all claims asserted or that could have been asserted in the Lawsuit (the "Released Claims"). The release of the Released Claims is effective



regardless of whether any or all such claims are presently known or unknown, vested or contingent, accrued or yet to accrue, or asserted in law, equity or otherwise; provided, however, the release does not release any obligation expressly set forth in this Agreement.

**b. Releases to the Plaintiff Parties.** Upon delivery of the Cash Payment and the deposit of the escrow amount as provided in Section 7.a of this Agreement, (a) each of the CEP Parties agrees to and hereby releases and forever discharges each of the Plaintiff Parties from any and all Released Claims, and (b) each of the Plaintiff Parties agrees to and hereby releases and forever discharges each of the other Plaintiff Parties from any and all Released Claims. The release of the Released Claims is effective regardless of whether any or all such claims are presently known or unknown, vested or contingent, accrued or yet to accrue, or asserted in law, equity or otherwise; provided, however, the release does not release any obligation expressly set forth in this Agreement.

**3. Covenant Not to Sue.** Upon delivery of the Cash Payment and the deposit of the escrow amount as provided in Section 7.a of this Agreement, each of the CEP Parties and each of the Plaintiff Parties agrees not to and will not – either directly or indirectly – file, pursue or assist in any lawsuit or arbitration proceeding against any other CEP Party or Plaintiff Party that seeks or pursues any Released Claim, provided, however, this provision does not prevent the filing of a lawsuit or motion to enforce the terms of this Agreement.

**4. Dismissal of Lawsuit.** Within two (2) business days after delivery of the Cash Payment and the deposit of the escrow amount as provided in Section 7.a of this Agreement, TAC, TVC, the Trustee, the Trust, and CEP will jointly file all necessary papers and take all other steps necessary to dismiss the Lawsuit with prejudice, with each party to the Lawsuit to bear its own costs.

**5. Amendment to Water Gathering and Disposal Agreement.** Upon the Effective Date, the Parties further agree as follows:

a. RBO II and RBP II will enter into a Third Amendment to the Water Gathering and Disposal Agreement in the form attached hereto as Exhibit A (the “Third Amendment”); and

b. TVC, TAC, the Trustee and the Trust, on behalf of themselves and their respective predecessors, successors and assigns, consent to and approve the Third Amendment; and

c. TVC, in its individual capacity and, on behalf of the Trust, in its capacity as the derivative plaintiff in the Lawsuit, and TAC, as successor of TVC, acknowledge, agree, and consent that, during the term of the Water Gathering and Disposal Agreement as modified by the Third Amendment, the fees set forth in the Third Amendment do not exceed competitive contract charges prevailing in the area for the operations and services provided for in the Water Gathering and Disposal Agreement.

**6. Agreement on Deficit Alabama NORRI Balance.** The Parties further agree (i) that as of September 30, 2010, the cumulative deficit Alabama NORRI balance in connection

with the Conveyance was \$5,802,759.00, and (ii) that no further Alabama NORRI payments will be due under the Conveyance unless and until the cumulative deficit Alabama NORRI balance is reduced to zero. TVC, in its individual capacity and, on behalf of the Trust, in its capacity as the derivative plaintiff in the Lawsuit, and TAC, as successor of TVC, further agree that (y) that all prior and current calculations, charges and deductions contained in such cumulative deficit Alabama NORRI balance are in compliance with the terms of the Conveyance, and (z) that that all prior and current calculations, charges and deductions contained in such cumulative deficit Alabama NORRI balance, to the extent applicable under the terms of the Conveyance, do not exceed competitive contract charges prevailing in the area for any such operations and services.

**7. Irrevocable Bid for the Purchase by RBP II of the Alabama NORRI at Public Auction.** The Parties understand that pursuant to Section 9.03 of the Trust Agreement (as that phrase is defined in the Conveyance), the Trustee shall cause the Alabama NORRI granted in the Conveyance to be sold at public auction to the highest cash bidder, and that the bidders at that public auction may include any of the CEP Parties. With respect to that public auction, the Parties hereby expressly agree and represent as follows:

a. Subject to the provisions of paragraph 7.c. herein, RBP II hereby makes an irrevocable bid for its purchase from the Trust of the Alabama NORRI, at public auction, for an amount not less than one million United States dollars (US \$1,000,000.00) ("Bid Amount"). RBP II further warrants and represents that within two (2) business days following the Effective Date of this Agreement, it shall deposit the Bid Amount into an escrow account maintained by CitiBank N.A. (the "Escrow Agent"), pursuant to an Escrow Agreement substantially in the form of the escrow agreement attached hereto as Exhibit B among CEP, RBP II, the Trust, and the Escrow Agent. RBP II further agrees that it shall bear and pay all costs and fees invoiced by the Escrow Agent. RBP II further expressly acknowledges that this tender and receipt of its irrevocable bid for the Alabama NORRI – which constitutes RBP II's guarantee, subject to the provisions of paragraph 7.c. of this Agreement, to purchase the Alabama NORRI at public auction for not less than the Bid Amount – induced the other Parties to enter into this Agreement and to settle the Lawsuit, and that RBP II's irrevocable bid is itself a material term of this Agreement. If the Bid Amount is the prevailing bid for the Alabama NORRI at the public auction, then RBP II and the Trustee on behalf of the Trust shall execute a Purchase and Sale Agreement ("PSA") substantially in the form attached hereto as Exhibit C.

b. RBP II acknowledges that it has made this irrevocable bid for the purchase of the Alabama NORRI for not less than the Bid Amount prior to the receipt of the information described in Section 9.03(f) of the Trust Agreement ("Alabama NORRI Information"). Such Alabama NORRI Information shall be furnished to RBP II by the Trustee in advance of the public auction of the Alabama NORRI, and the Parties agree that RBP II shall have the right to increase (but not to decrease) the Bid Amount after receipt and review of the Alabama NORRI Information.

c. In partial consideration for RBP II's agreement to make an irrevocable bid of the Bid Amount and to deposit the Bid Amount into the escrow account prior to the public auction, the Trustee on behalf of the Trust agrees that the Alabama NORRI will be separately auctioned for sale at the public auction and the Parties agree that if a competing bid is received for the Alabama NORRI that is higher than the Bid Amount offered by RBP II (the "Competing Bid"), RBP II and all other bidders will have the option within (2) business days after receiving

written notice of such Competing Bid, to submit a bid that is higher than the Competing Bid to purchase the Alabama NORRI. The Parties further agree that if by 180 days following the Effective Date, (i) the public auction has not been completed, or (ii) the PSA has not been executed by the Trustee on behalf of the Trust to convey the Alabama NORRI to RBP II, then (x) RBP II's irrevocable bid to purchase the Alabama NORRI for the Bid Amount expires and shall be of no further force and effect, (y) RBP II will no longer be obligated to purchase the Alabama NORRI for the Bid Amount, and (z) the Trustee on behalf of the Trust will cooperate fully to have the funds held in escrow pursuant to the terms of the Escrow Agreement released to RBP II. Any such notice hereunder shall be sent to Constellation Energy Partners LLC, Attention: Charles C. Ward, 1801 Main Street, Suite 1300, Houston, Texas 77002; Fax No. 832 308-3720, with a copy to Lisa J. Mellencamp at such address; Fax No. 832-308-3721 and shall be effective upon confirmed receipt. The Trustee, on behalf of the Trust, represents that it will use reasonable commercial efforts to conduct the public auction within 150 days following the Effective Date.

d. The Parties agree that violation of the provisions contained in Paragraph 7 of this Agreement shall cause a Party to suffer immediate and irreparable harm for which there is no adequate remedy at law. Therefore, the Parties further agree that in the event of a breach of Paragraph 7 of this Agreement, the non-breaching Party or Parties (including, without limitation, TAC and the Trustee) shall be entitled to enforce this Agreement so as to require the breaching Party to specifically perform its obligation under Paragraph 7 of this Agreement.

e. TVC and TAC, for themselves and their past, present and future officers, directors, managers, employees, shareholders, unitholders, members, partners, agents, attorneys, accountants, insurers, parents, subsidiaries, related and affiliated persons and entities, predecessors, successors and assigns, agree that they will not directly or indirectly make, pursue, assist or support (i) any bid or offer to purchase the Alabama NORRI other than the sale to RBP II at public auction or (ii) any further claims, litigation or arbitration against any of the Released Parties in connection with or relating to, directly or indirectly, the Trust Agreement (as defined in the Conveyance), the Conveyance, the Alabama NORRI, the Water Gathering and Disposal Agreement, and/or any other agreements relating to the Alabama NORRI and/or its calculation. After the sale of the Alabama NORRI by the Trust, the Trust and the Trustee shall no longer be a third party beneficiary under any contract associated with the Alabama NORRI calculation.

**8. Modification of Agreement.** This Agreement may not be modified or amended, nor any of its terms waived, except by a writing signed by all of the Parties hereto.

**9. Multiple Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

**10. Merger and Construction.** This Agreement and the exhibits hereto contain the entire agreement of the Parties with respect to the subject matter of this Agreement, and supersede all prior negotiations, agreements and understandings with respect thereto. The language used in this Agreement will be construed in all cases in accordance with ordinary usage and meaning. The Parties acknowledge that each Party and its counsel have reviewed this Agreement and that no single party bears sole responsibility for the draftsmanship of this Agreement. Consequently, no rule of construction to the effect that ambiguities are to be resolved against the drafting Party should be employed in the interpretation of this Agreement.

**11. Binding on Successors and Assigns.** The Parties acknowledge and agree that all the terms of this Agreement will be binding upon and enforceable against any and all of their respective purchasers, successors and assigns, including, but not limited to, any purchaser, successor or assign of the Trust units sold or assigned by TAC, or any purchaser, successor or assign of the Alabama NORRI sold or assigned by the Trust, or any purchaser, successor, or assign of those certain oil and gas wells located on certain lands in Alabama that are currently owned by RBP II. TAC, the Trustee and the Trust further agree that prior to any sale or assignment of the Trust units by TAC, or the Alabama NORRI owned by the Trust, they will provide any such prospective purchaser or assignee with (i) written notification of the terms of this Agreement, and (ii) an executed copy of this Agreement.

**12. Confidentiality.** This Agreement and its terms and provisions are confidential and shall not be disclosed by any Party hereto, provided that a Party may disclose portions of this Agreement, and only such portions, as may be required by applicable law, regulation or statute, including but not limited to the Trust's obligations to its unitholders and in compliance with its Securities and Exchange Commission reporting obligations and CEP's obligations to its shareholders and in compliance with its Securities and Exchange Commission reporting obligations; pursuant to a valid order of a court of competent jurisdiction; as may be necessary to external auditors or counsel or to permit compliance with applicable accounting or financial reporting requirements, including but not limited to applicable rules and regulations of the Securities Exchange Commission; as required for the public auction as determined by the Trustee on behalf of the Trust in its reasonable discretion; as may be necessary in litigation seeking enforcement of this Agreement; as provided in Paragraph 11 hereof provided that any such prospective purchaser or assignee shall agree to be bound by this confidentiality provision; as a notice filing in the form of a memorandum of settlement in the appropriate real property records in Alabama; or in any future legal proceeding that involves the Alabama NORRI.

**13. Non-Disparagement.** The Parties shall refrain from making any written or oral statement, directly or indirectly, relating to each other, this Agreement and the actions that were the subject of the Lawsuit, which they know or reasonably should know to be disparaging concerning any other party hereto or their respective past, present and future officers, directors, managers, employees, shareholders, unitholders, members, partners, agents, attorneys, accountants, insurers, parents, subsidiaries, related and affiliated persons and entities, predecessors, successors and assigns, Each Party hereto also shall refrain from urging or influencing any person to make any written or oral statements, relating to this Agreement and the Lawsuit, or each other, that they know or reasonably should know to be disparaging concerning any other party hereto or their respective past, present and future officers, directors, managers, employees, shareholders, unitholders, members, partners, agents, attorneys, accountants, insurers, parents, subsidiaries, related and affiliated persons and entities, predecessors, successors and assigns.

**14. Governing Law, Jurisdiction and Venue.** This Agreement shall be governed by, interpreted and construed, and enforced in accordance with the laws of the State of Delaware, without reference to conflicts of laws principles. The Parties hereby agree that any suit, action or proceeding against the other arising out of or based upon this Agreement (including any claim

for enforcement of this Agreement, including but not limited to the obligations set forth in Paragraph 7) may be instituted in or removed to the United States District Court for the District of Delaware or a Delaware state court located in Wilmington, Delaware, and any appellate court from any thereof, and each Party irrevocably submits to the non-exclusive jurisdiction of such courts in any suit, action or proceeding. The Parties irrevocably waive, to the fullest extent permitted by law, any objection to any suit, action or proceeding that may be brought in connection with this Agreement in such courts whether on the grounds of venue, residence or domicile or on the ground that any such suit, action or proceeding has been brought in an inconvenient forum. The Parties agree that final judgment in any such suit, action or proceeding brought in such court shall be conclusive and binding upon the parties, as the case may be, and may be enforced in any court to the jurisdiction of which they are subject by a suit upon judgment. The Parties further agree that in the event any Party commences a suit, action or proceeding that arises out of or is based upon this Agreement, the Party prevailing in such suit, action or proceeding shall be entitled to reimbursement of its reasonable expenses incurred in such action or proceeding, including payment of its attorneys' fees, from the unsuccessful party.

**15. Costs.** Except as otherwise provided, each Party shall pay all of its own costs, fees, and expenses associated with the Lawsuit and its settlement.

**16. No Waivers.** The failure or delay of a Party in exercising any right granted it hereunder shall not constitute a waiver of any such right and any single or partial exercise of any particular right by such Party shall not exhaust the same or constitute a waiver of any other right provided herein.

**17. Effective Date.** The Effective Date shall be defined as the date of Final Approval of this Agreement. "Final Approval" means the date on which the Order and Final Judgment approving this Agreement becomes final and unappealable, whether by exhaustion of any possible appeal, lapse of time, writ of certiorari, or otherwise.

**18. Termination.** In the event that (a) an Order and Final Judgment consistent with the terms of this Agreement is not entered by the Court; or (b) an Order and Final Judgment consistent with the terms of this Agreement is entered by the Court but does not become final, the Agreement shall be terminated and shall become null and void and of no force and effect, unless otherwise agreed in writing by the Parties. In the event of termination of this Agreement, this Agreement shall not be admissible for any purpose in any proceeding in any court or tribunal. In the event of such termination, all proceedings in the Lawsuit will revert to their status as of January 6, 2011, and no materials created by or received from another Party that were used in, obtained during, or related to settlement discussions shall be admissible for any purpose in any court or tribunal or used, absent consent from the disclosing Party, in any other capacity.

[Balance of Page Left Intentionally Blank]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be duly executed.

Trust Acquisition Company, LLC, a Delaware limited liability company

By: /s/ Frederick H. Fogel

Name: Frederick H. Fogel

Title: Authorized Signatory

Date: 2/4/2011

Trust Venture Company, LLC, a Delaware limited liability company

By: /s/ Frederick H. Fogel

Name: Frederick H. Fogel

Title: Authorized Signatory

Date: 2/4/2011

Torch Energy Royalty Trust, a Delaware statutory trust

By: Wilmington Trust Company, not in its individual capacity but solely as trustee for the Torch Energy Royalty Trust

By: /s/ Bruce L. Bisson

Name: Bruce L. Bisson

Title: Vice President

Date: February 4, 2011

Wilmington Trust Company, not in its individual capacity but solely as trustee for the Torch Energy Royalty Trust

By: /s/ Bruce L. Bisson

Name: Bruce L. Bisson

Title: Vice President

Date: February 4, 2011

[Signature Page to the Settlement and Release Agreement]

Constellation Energy Partners LLC, a Delaware limited liability company

By: /s/ Charles C. Ward

Name: Charles C. Ward

Title: Chief Financial Officer and Treasurer

Date: February 4, 2011

Robinson's Bend Production II, LLC, a Delaware limited liability company

By: /s/ Charles C. Ward

Name: Charles C. Ward

Title: Chief Financial Officer and Treasurer

Date: February 4, 2011

Robinson's Bend Operating II, LLC, a Delaware limited liability company

By: /s/ Charles C. Ward

Name: Charles C. Ward

Title: Chief Financial Officer and Treasurer

Date: February 4, 2011

[Signature Page to the Settlement and Release Agreement]



News Release

General Inquiries: 877.847.0008  
[www.constellationenergypartners.com](http://www.constellationenergypartners.com)

Investor Contact: Charles C. Ward  
877.847.0009

**Constellation Energy Partners: Settlement in  
Alabama Lawsuit Now Effective**

**HOUSTON**—(BUSINESS WIRE)—June 15, 2011—Constellation Energy Partners LLC (NYSE Arca: CEP) today announced that there were no appeals of the Circuit Court of Tuscaloosa County, Alabama order approving the settlement between the company, Trust Venture Company, LLC, and Torch Energy Royalty Trust (“Trust”). As a result, the settlement became effective by its terms on June 13, 2011.

Additional information about the lawsuit and settlement 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.