
**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 reported): February 15, 2007

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.)**

111 Market Place Baltimore, Maryland
(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))
-

Item 2.02. Results of Operations and Financial Condition.

On February 15, 2007, Constellation Energy Partners LLC (the “Company”) issued a press release announcing its financial results for the quarter and year ended December 31, 2006. A copy of the press release is furnished as a part of this current report on Form 8-K as Exhibit 99.1 and is incorporated herein by reference in its entirety.

The press release is being furnished pursuant to Item 2.02, Results of Operations and Financial Condition. The information furnished is not deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, is not subject to the liabilities of that section and is not deemed incorporated by reference in any filing under the Securities Act of 1933, as amended.

Item 7.01. Regulation FD Disclosure.

Furnished herewith as Exhibit 99.2 is a slide presentation utilized by the Company during a public conference call and webcast on February 15, 2007.

The slide presentation is being furnished pursuant to Item 7.01, Regulation FD Disclosure. The information furnished is not deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, is not subject to the liabilities of that section and is not deemed incorporated by reference in any filing under the Securities Act of 1933, as amended.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	Description
Exhibit 99.1	Press release dated February 15, 2007, publicly announcing fourth quarter and year-end 2006 financial results.
Exhibit 99.2	Slide presentation utilized during the February 15, 2007 public conference call and webcast.

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: February 15, 2007

By: /s/ Angela A. Minas

Angela A. Minas

Chief Financial Officer

EXHIBIT INDEX

Exhibit Number	Description
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Exhibit 99.2	Slide presentation utilized during the February 15, 2007 public conference call and webcast.

News Release



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

Media Contact: Lawrence McDonnell
410 470-7433

Investor Contacts: Kevin Hadlock
410 783-3647
Tonya Cultice
410 783-3383

Constellation Energy Partners Reports Fourth Quarter and Full-Year 2006 Results

BALTIMORE, Feb. 15, 2007—Constellation Energy Partners LLC (NYSE Arca: CEP) today reported fourth quarter and full-year 2006 results in line with company expectations, and highlighted completion of a successful drilling program and increased production volumes from its assets in the Black Warrior Basin of Alabama.

The company produced 4.6 Bcf during the year, resulting in adjusted EBITDA of \$23.0 million and net income of \$16.0 million on a generally accepted accounting principles (GAAP) basis for 2006. Fourth quarter 2006 production was 1.25 Bcf, resulting in adjusted EBITDA of \$7.1 million and net income of \$5.7 million on a GAAP basis. In addition to strong operating results, fourth quarter results benefited from the hedging program implemented to maintain cash flow stability. The company drilled and completed 31 wells during 2006 with a 100 percent success rate. During the last six months of 2006, production increased substantially. Proved reserves increased approximately 7.4 percent to 120.3 Bcfe.

The company previously announced a cash distribution of \$0.2111 per common unit for the period, commencing on Nov. 20, 2006 – the date of the closing of its initial public offering (IPO) – and ending Dec. 31, 2006, which was paid on Feb. 14, 2007 to unitholders of record on Feb. 7, 2007.

“This is the first earnings report for Constellation Energy Partners and illustrates we are off to a strong start,” said Felix Dawson, chief executive officer. “We delivered results in line with our expectations,

completed a successful drilling program and demonstrated our ability to manage and improve upon the performance of our assets.

“Our success in 2006 allowed us to deliver an initial distribution to unitholders, also in line with forecast,” said Dawson. “We were pleased with the results of our IPO, as we priced at the high end of the range and experienced strong demand for our units from both retail and institutional investors. Our 2006 unit price appreciation was 21 percent.

“Our current forecast is consistent with the 2007 forecast that was represented in our prospectus,” Dawson said. “We’ve drilled 14 wells this year and the 2007 drilling program should be completed by the end of the second quarter. Overall, this is a successful start to what we believe will be a very successful company.”

Non-GAAP Measures

We present Adjusted EBITDA in addition to our reported net income in accordance with GAAP. Adjusted EBITDA is a non-GAAP financial measure that is defined as net income (loss) plus interest (income) expense; depreciation, depletion and amortization; write-off of deferred financing fees; impairment of long-lived assets; (gain) loss on sale of assets; (gain) loss from equity investment; accretion of asset retirement obligation; unrealized (gain) loss on natural gas derivatives; and realized (gain) loss on cancelled natural gas derivatives.

Adjusted EBITDA is used by management to indicate (prior to the establishment of any cash reserves by our board of managers) the cash distributions we expect to pay our unitholders. Specifically, this financial measure indicates to investors whether or not we are generating cash flow at a level that can sustain or support an increase in our quarterly distribution rates. Adjusted EBITDA is also used as a quantitative standard by our management and by external users of our financial statements such as investors, research analysts and others to assess the financial performance of our assets without regard to financing methods, capital structure or historical cost basis; the ability of our assets to generate cash sufficient to pay interest costs and support our indebtedness; and our operating performance and return on capital as compared to those of other companies in our industry, without regard to financing or capital structure. Adjusted EBITDA is not intended to represent cash flows for the period, nor is it presented as a substitute for net income, operating income, cash flows from operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP.

SEC Filings

CEP intends to file its 2006 Annual Report on Form 10-K on or about Feb. 28, 2007.

Forward-Looking Statements

We make statements in this news release that are considered forward-looking statements within the meaning of 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.

Conference Call Information

The company will host a conference call today at 10:00 a.m. (ET) to review its financial results and discuss its business outlook for 2007 and beyond.

To participate, analysts, investors, media and the public may dial (888) 322-9245 shortly before 10:00 a.m. (ET). The international phone number is (773) 756-0253. The conference password is PARTNERS.

A replay will be available approximately one hour after the end of the call by dialing (866) 443-1209 or (203) 369-1089 (international).

A live audio webcast of the conference call, presentation slides and the earnings press release will be available on the Investor Relations page of Constellation Energy Partners' Web site (www.constellationenergypartners.com). The call will also be recorded and archived on the site.

CEP was formed – and is 54 percent owned – by Constellation Energy (NYSE: CEG), an energy company with a \$13 billion market capitalization.

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. Its assets consist primarily of producing and non-producing coalbed methane natural gas reserves located in the Black Warrior Basin of Alabama.

2006 Summary Stats

Constellation Energy Partners LLC Operating Statistics

	Successor		Successor	Combined Predecessor and Successor*
	Three Months Ended December 31,		Year Ended December 31,	
	2006	2005	2006	2005
Net Production:				
Total production (MMcf)	1,250	1,148	4,641	4,495
Average daily production (Mcf/day)	13,587	12,478	12,715	12,315
Average Sales Price per Mcf:				
Net realized price, including hedges	\$ 8.61	\$ 13.09	\$ 7.95	\$ 5.23
Net realized price, excluding hedges	\$ 6.78	\$ 13.09	\$ 7.43	\$ 8.64
Net Proved Reserves:				
Proved developed (Bcf)			97.4	89.3
Proved Undeveloped (Bcf)			22.9	22.7
Total Proved (Bcf)			120.3	112.0
Wells Drilled and Completed			31	18

Constellation Energy Partners LLC Condensed Consolidated Statements of Operations

	Successor		Successor	Combined Predecessor and Successor*
	Three Months Ended December 31,		Year Ended December 31,	
	2006	2005	2006	2005
	(\$ in thousands)			
Total Revenues	\$ 10,763	\$ 15,032	\$ 36,917	\$ 23,526
Operating expenses:				
Lease operating expenses	1,913	2,392	7,234	6,944
Production taxes	443	900	1,783	2,076
General and administrative	1,128	853	4,573	4,778
Depreciation, depletion and amortization	1,457	1,947	7,444	5,859
Accretion expense	35	35	141	124
Total operating expenses	4,976	6,127	21,175	19,781
Other expenses:				
Interest expense, net	114	1	(247)	2,440
Total expenses	5,090	6,128	20,928	22,221
Net income (loss)	\$ 5,673	\$ 8,904	\$ 15,989	\$ 1,305
Adjusted EBITDA	\$ 7,106	\$ 10,887	\$ 23,025	\$ 24,993

* Combined Predecessor and Successor statement of operation presented for the year ended Dec. 31, 2005 is a non-GAAP financial measure. CEP acquired the Robinson's Bend Field from Everlast on June 12, 2005. This combined statement represents the sum of Everlast's financials from Jan. 1 to June 12, 2005 and our financials from Feb. 7, 2005 (inception) to Dec. 31, 2005. We believe this presentation is useful for investors to evaluate 2005 financial results for the Robinson's Bend Field. The results were presented in our audited financial statements included in our Registration Statement on Form S-1 (File No. 333-134995) which was declared effective in November 2006.

Constellation Energy Partners LLC
Condensed Consolidated Balance Sheets

	December 31, 2006	December 31, 2005
	(\$ in thousands)	
Current assets	\$ 25,726	\$ 20,928
Natural gas properties, net of accumulated depreciation, depletion and amortization	171,639	165,211
Other assets	5,971	—
Total Assets	<u>\$ 203,336</u>	<u>\$ 186,139</u>
Current liabilities	\$ 8,646	\$ 13,895
Debt	22,000	63
Other long-term liabilities	2,730	3,014
Class D Interests	8,000	—
Common members' equity	148,847	169,167
Accumulated other comprehensive income	13,113	—
Total members' equity	<u>161,960</u>	<u>169,167</u>
Total liabilities and members' equity	<u>\$ 203,336</u>	<u>\$ 186,139</u>

Constellation Energy Partners LLC
Reconciliation of Net Income to Adjusted EBITDA

	Successor Three Months Ended December 31, 2006	Successor Year Ended December 31, 2005	Successor Year Ended December 31, 2006	Combined Predecessor and Successor Year Ended December 31, 2005
	(\$ in thousands)			
Reconciliation of Net Income to Adjusted EBITDA:				
Net income	\$5,673	\$ 8,904	\$15,989	\$ 1,305
Add:				
Interest expense/(income), net	114	1	(247)	2,440
Depreciation, depletion and amortization	1,457	1,947	7,444	5,859
Accretion of asset retirement obligation	35	35	141	124
Unrealized (gain)/loss on natural gas derivatives	(173)	—	(302)	15,265
Adjusted EBITDA	<u>\$7,106</u>	<u>\$10,887</u>	<u>\$23,025</u>	<u>\$ 24,993</u>

Constellation Energy Partners LLC
Reconciliation of Combined Total Income for the Year Ended December 31, 2005

	Year Ended December 31, 2005		
	Successor	Predecessor (\$ in thousands)	Combined Predecessor and Successor
Total Revenues	\$25,957	\$ (2,431)	\$ 23,526
Operating expenses:			
Lease operating expenses	4,175	2,769	6,944
Production taxes	1,400	676	2,076
General and administrative	4,184	594	4,778
Depreciation, depletion and amortization	4,176	1,683	5,859
Accretion expense	78	46	124
Total operating expenses	14,013	5,768	19,781
Other expenses:			
Interest expense, net	3	2,437	2,440
Total expenses	14,016	8,205	22,221
Net income (loss)	<u>\$11,941</u>	<u>\$ (10,636)</u>	<u>\$ 1,305</u>

Constellation Energy Partners LLC
Reconciliation of Combined Total Income and Production for the Year Ended December 31, 2005

	Year Ended December 31, 2005		
	Successor	Predecessor (\$ in thousands)	Combined Predecessor and Successor
Total Revenues	\$25,957	\$ (2,431)	\$ 23,526
Operating expenses:			
Lease operating expenses	4,175	2,769	6,944
Production taxes	1,400	676	2,076
General and administrative	4,184	594	4,778
Depreciation, depletion and amortization	4,176	1,683	5,859
Accretion expense	78	46	124
Total operating expenses	14,013	5,768	19,781
Other expenses:			
Interest expense, net	3	2,437	2,440
Total expenses	14,016	8,205	22,221
Net income (loss)	<u>\$11,941</u>	<u>\$ (10,636)</u>	<u>\$ 1,305</u>
Adjusted EBITDA	<u>\$16,198</u>	<u>\$ 8,795</u>	<u>\$ 24,993</u>
Reconciliation of Net Income to Adjusted EBITDA:			
Net income	\$11,941	\$ (10,636)	\$ 1,305
Add:			
Interest expense, net	3	2,437	2,440
Depreciation, depletion and amortization	4,176	1,683	5,859
Accretion of asset retirement obligation	78	46	124
Unrealized loss on natural gas derivatives	—	15,265	15,265
Adjusted EBITDA	<u>\$16,198</u>	<u>\$ 8,795</u>	<u>\$ 24,993</u>
Net Production:			
Total production (MMcf)	2,525	1,970	4,495
Average daily production (Mcf/day)	12,500	12,100	12,315
Net realized price, including hedges	\$ 10.28	\$ (1.23)	\$ 5.23
Net realized price, excluding hedges	\$ 10.28	\$ 6.54	\$ 8.64

The following table summarizes, for the periods indicated, our hedges currently in place through Dec. 31, 2009. Currently, we use fixed-price swaps as our mechanism for hedging commodity prices. Our derivative positions at Feb. 14, 2007 were:

	For the quarter ended (in MMBtu)									
	March 31		June 30		Sept 30		Dec 31		Total	
	MMBtu	\$/MMBtu	MMBtu	\$/MMBtu	MMBtu	\$/MMBtu	MMBtu	\$/MMBtu	MMBtu	\$/MMBtu
2007	974,999	9.22	1,074,999	9.13	1,074,999	9.17	1,074,999	9.25	4,199,996	9.19
2008	875,001	8.91	875,001	8.91	875,001	8.91	875,001	8.91	3,500,004	8.91
2009	825,000	8.40	825,000	8.40	825,000	8.40	825,000	8.40	3,300,000	8.40
									11,000,000	Total MMBtu

Constellation Energy Partners LLC

Earnings Presentation
February 15, 2007

Forward-looking Statements Disclaimer

This presentation contains forward-looking statements that are subject to a number of risks and uncertainties, many of which are beyond our control, which may include statements about our: the volatility of realized natural gas prices; discovery, estimation, development and replacement of oil and natural gas reserves; business and financial strategy; drilling locations; technology; cash flow, liquidity and financial position; the impact on us of termination of the sharing arrangement before December 31, 2012; production volumes; lease operating expenses, general and administrative costs and finding and development costs; availability of drilling and production equipment, labor and other services; future operating results; prospect development and property acquisitions; marketing of oil and natural gas; competition in the oil and natural gas industry; the impact of weather and the occurrence of natural disasters such as fires, floods and other catastrophic events and natural disasters; governmental regulation of the oil and natural gas industry; developments in oil-producing and natural gas producing countries; and strategic plans, objectives, expectations and intentions for future operations. In some cases, you can identify forward-looking statements by terminology such as “may,” “could,” “should,” “expect,” “plan,” “project,” “intend,” “anticipate,” “believe,” “estimate,” “predict,” “potential,” “pursue,” “target,” “continue,” the negative of such terms or other comparable terminology.

The forward-looking statements contained in this presentation 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 presentation 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 presentation. We do not intend to publicly update or revise any forward-looking statements as a result of new information, future events or otherwise.

Use of Non-GAAP Financial Measures

EBITDA, Adjusted EBITDA and Distributable Cash Flow are non-GAAP financial measures that are reconciled to their most comparable GAAP financial measure under Reconciliation of Non-GAAP Financial Measures in this presentation. The reconciliations are only intended to be reviewed in conjunction with the oral presentation to which they relate.

EBITDA is defined as net income (loss) plus interest (income) expense; depreciation, depletion and amortization; write-off of deferred financing fees; impairment of long-lived assets; (gain) loss on sale of assets; (gain) loss from equity investment; accretion of asset retirement obligation; and realized loss (gain) on cancelled natural gas derivatives. Adjusted EBITDA is defined as EBITDA plus unrealized (gain) loss on natural gas derivatives. Distributable Cash Flow is defined as Adjusted EBITDA less interest expense and Class D distribution.

These financial measures are used by management to indicate (prior to the establishment of any cash reserves by our board of managers) the cash distributions we expect to pay our unitholders. Specifically, these financial measures indicate to investors whether or not we are generating cash flow at a level that can sustain or support an increase in our quarterly distribution rates. These financial measures are also used as a quantitative standard by our management and by external users of our financial statements such as investors, research analysts and others to assess the financial performance of our assets without regard to financing methods, capital structure or historical cost basis; the ability of our assets to generate cash sufficient to pay interest costs and support our indebtedness; and our operating performance and return on capital as compared to those of other companies in our industry, without regard to financing or capital structure. EBITDA, Adjusted EBITDA, and Distributable Cash Flow are not intended to represent cash flows for the period, nor are they presented as a substitute for net income, operating income, cash flows from operating activities or any other measure of financial performance or liquidity presented in accordance with GAAP. We also provide our earnings guidance in terms of Adjusted EBITDA. We are unable to reconcile our guidance to GAAP net income or operating income because we do not predict the future impact of adjustments to net income (loss), such as (gains) losses on gas derivatives, and equity investments or asset impairments, due to the difficulty of doing so.



Constellation Energy
Partners LLC



Overview

Felix Dawson
Chief Executive Officer

CEP Overview

- Growth-oriented oil & gas company
 - Executed IPO in November 2006
 - Focused on acquisitions of long-lived, low-risk and predominantly proved developed properties
- Company profile
 - 120 Bcf proved reserves
 - 24 year average reserve to production ratio
 - Sponsor relationship with Constellation Energy

Focused on maximizing total unitholder return

- Maintain stable cash flow
- Increase distributions through accretive acquisitions

CEP and E&P MLP Sector Performance

- CEP 2006 performance
 - Produced 4.6 Bcf
 - Delivered adjusted EBITDA of \$23.0 million
 - Successfully drilled and completed 31 wells
 - Increased reserve base by 8 Bcf
 - Delivered first distribution payment of \$0.2111 per common unit
 - Unit price appreciated by 21% from IPO to year-end
- MLPs creating competitive advantage in E&P sector
 - Yields have traded down substantially, reflecting market acceptance
 - Sellers structuring properties for sale to MLPs

CEP is well positioned to be an active leader in the emerging E&P MLP sector

Constellation's Upstream Gas Business

- Growing emphasis in upstream natural gas in 2007
 - Increased capital spending
- Investment strategy is complementary with that of CEP
 - Focus on lower production risk, long-lived reserves
 - Monetization of investments once proved
- CEP should benefit from Constellation's increased focus on its upstream gas business
 - Additional resources and effort in the acquisition market should lead to greater deal flow
 - Growing inventory of future drop down opportunities

CEP is integral to Constellation's upstream gas business growth

Constellation's Upstream Gas Portfolio



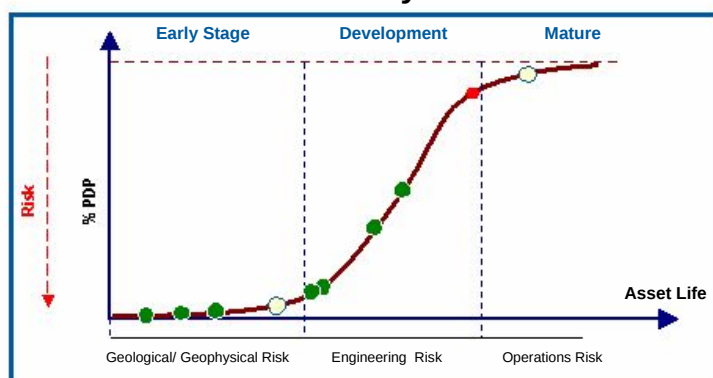
■ Constellation Energy Partners ● unconventional ○ conventional

Current Portfolio Investments

- Black Warrior Basin CBM (AL)
- Woodford shale (OK) (2)
- Gulf Coast CBM (LA)
- South Texas tight sands
- Wyoming tight sands
- Fayetteville shale (AR)
- Williston Basin shale (MT)
- Shallow GOM (AL)
- South East Texas carbonates

- Constellation's portfolio represents 226 Bcf of proved reserves (including interest in CEP)

Asset Lifecycle



Potential drop down to CEP within the next 12 months

Growth Outlook

Growth Objectives

- Maximize returns to our unitholders
- Be a leader in our sector in distribution growth

Market Outlook

- Increased deal activity
- Commodity prices helping bridge buyer and seller expectations
- Deals being structured for MLPs

Acquisition Parameters

- Incremental acquisitions in the \$50-150 million range
- Transformational acquisitions in the \$300-500 million range
- Prepared to execute several transactions over the next 12-18 months if right opportunities arise

Focus will be on acquiring a suitable set of transformational assets supplemented by incremental acquisitions



Constellation Energy[®]
Partners LLC



2006 Results and Outlook

Angela Minas
Chief Financial Officer

Financial Results

	Fourth Quarter			Full Year		
	2006	2005	Variance	CEP 2006	Combined 2005 ⁽¹⁾	Variance
(\$ in 000's except hedge price and distribution)						
Production (MMcf)	1,250	1,148	9%	4,641	4,495	3%
Average Price with Hedges	\$8.61	\$13.09	(34%)	\$7.95		
Average Price without Hedges	\$6.78			\$7.43		
Revenue	\$10,763	\$15,032	(28%)	\$36,917	\$23,526	57%
Operating Expenses	3,484	4,145	(16%)	13,590	13,798	(2%)
EBITDA	\$7,279	\$10,887	(33%)	\$23,327	\$9,728	140%
DD&A	1,492	1,982	(25%)	7,585	5,983	27%
Net Interest Expense	114	1		(247)	2,440	
Net Income (Loss)	\$5,673	\$8,904	(36%)	\$15,989	\$1,305	1125%
Adjusted EBITDA	\$7,106	\$10,887		\$23,025	\$24,993	
Distributable Cash Flow	\$7,105					
Distribution	\$0.2111					

Earnings and distributable cash were in line with expectations

⁽¹⁾ Combined predecessor and CEP results
See appendix

Operating Statistics

	<u>2006</u>	<u>2005</u>	<u>Variance</u>
Production (MMcf)	4,641	4,495	3.2%
Operating Expense (\$/Mcf)	2.93	3.07	(4.6%)
Well Drilled	31	18	72%
Success Ratio	100%	100%	
Net Proved Reserves (Bcf)	120.3	112.0	7.4%
Proved Developed	97.4	89.3	9.1%
Proved Undeveloped	22.9	22.7	0.9%
Net Producing Wells	467	436	7.1%

Operating statistics reflect solid performance and positive trends

Hedging Program

- We use a high level of hedging to maintain cash flow and distribution stability
 - Up to 80% of expected production for up to five years
 - Generally use swaps due to expense
- Hedging approach for 2007
 - Opportunistically hedge additional unhedged volumes for 2007 to 2009
 - Add duration to hedges beyond 2009
 - Similarly hedge production associated with acquisitions

Hedge Positions		
	MMBtu Hedged	Weighted Average Sales Price \$/MMBtu
2007	4,200,000	9.19
2008	3,500,000	8.91
2009	3,300,000	8.40

2007 Forecast

<i>(\$ in 000's)</i>	2007
Net Production (MMcf)	4,800 – 5,300
Wells Drilled	20
Operating Expense	\$12,700 - \$14,000
Adjusted EBITDA	\$31,000 - \$34,200
Distribution per Unit	\$1.85

Business outlook remains robust and CEP affirms forecast

See appendix

Key Takeaways

- 2007 forecast is in line with forecast provided in November 2006
- Growing emphasis by Constellation in upstream natural gas should continue to support CEP's growth objectives
- Our outlook for the acquisition market is positive



Constellation Energy
Partners LLC



Question and Answer



Constellation Energy
Partners LLC



Appendix

Balance Sheet

(\$ in 000's)	12/31/2006	12/31/2005
Assets		
Current Assets	\$25,726	\$20,928
Net PP&E	171,639	165,211
Other Assets	5,971	-
Total Assets	\$203,336	\$186,139
Liabilities and Member's Equity		
Current Liabilities	\$8,646	\$13,895
Debt	22,000	63
Other Long-term Liabilities	2,730	3,014
Total Liabilities	\$33,376	\$16,972
Class D Interests	8,000	-
Total Member's Equity	161,960	169,167
Total Liabilities and Member's Equity	\$203,336	\$186,139

Summary of Non-GAAP Measures

Non-GAAP Measure	Slide(s) Where Used in Presentation	Most Comparable GAAP Measure	Slide Containing Reconciliations
Adjusted EBITDA	6, 11, 14	Net Income	21
Combined 2005 Results	11, 12	GAAP Income for Predecessor plus GAAP Income for Company	22

Reconciliation of Non-GAAP Financial Measures

(\$ in 000's)	Fourth Quarter		Fiscal Year 2006	Predecessor 2005	CEP 2005
	2006	2005			
Net Income (Loss)	\$5,673	\$8,904	\$15,989	(\$10,636)	\$11,941
DD&A	1,492	1,982	7,585	1,729	4,254
Interest Expense	114	1	(247)	2,437	3
EBITDA	<u>\$7,279</u>	<u>\$10,887</u>	<u>\$23,327</u>	<u>(\$6,470)</u>	<u>\$16,198</u>
Unrealized Loss (Gain) on Derivatives	(173)	-	(302)	15,265	-
Adjusted EBITDA	<u>\$7,106</u>	<u>\$10,887</u>	<u>\$23,025</u>	<u>\$8,795</u>	<u>\$16,198</u>
Interest Expense (Cash)	1				
Distribution Cash Flow	<u>\$7,105</u>	N.A.	N.A.	N.A.	N.A.

Reconciliation of Combined Results to Predecessor and CEP

(\$ in 000's)	Predecessor 2005	CEP 2005	Combined 2005
Production (MMcf)	1,970	2,525	4,495
Revenue	(\$2,431)	\$25,957	\$23,526
Operating Expenses	4,039	9,759	13,798
EBITDA	(6,470)	16,198	9,728
DD&A	1,729	4,254	5,983
Net Interest Expense	2,437	3	2,440
Net Income (Loss)	(\$10,636)	\$11,941	\$1,305
DD&A	1,729	4,254	5,983
Net Interest Expense	2,437	3	2,440
Unrealized Loss (Gain) on Derivatives	15,265	0	15,265
Adjusted EBITDA	\$8,795	\$16,198	\$24,993