



Constellation Energy
Partners LLC



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Ozzie Pagan

VP of Business Development

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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.

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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 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

Relationship with Constellation Energy

Benefits of relationship

- ▶ Growth focused parent
- ▶ CEP is an integral component of Constellation Energy's upstream growth strategy
- ▶ Existing business relationships and expert upstream resources
- ▶ Broad acquisition and financing capabilities
- ▶ Extensive hedging capabilities

Constellation Energy Profile

- ▶ **Market Cap: \$13 Billion¹**
- ▶ **Constellation Energy Companies**
 - Baltimore Gas & Electric (BG&E)
 - Constellation Energy Commodities Group
 - Constellation Energy Generation Group
 - Constellation NewEnergy

¹ As of 2/21/07

CEP Ownership

Constellation Energy	Units	% Interest
Common	5,981,894	53%
Class A	226,406	2%
Public Unitholders	5,125,000	45%
Total	11,333,300	100%

Business Strategy

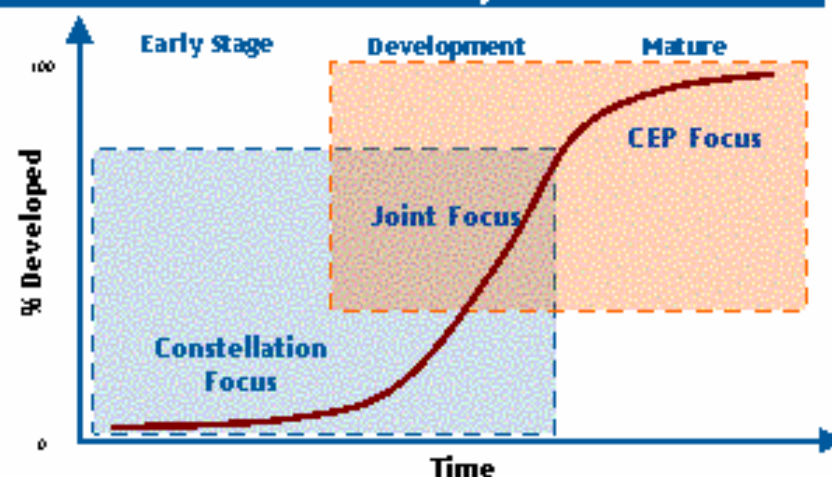
1 Maintain stable cash flow

- ▶ Long-lived oil & gas reserves
- ▶ Significant, low-risk, organic growth opportunities
- ▶ Mitigation of forward commodity price risk through hedging
- ▶ Flexible drilling program

2 Increase distributions through accretive acquisitions

- ▶ Drop-down acquisitions of Constellation developed assets
- ▶ Joint acquisitions with Constellation of mixed-stage E&P assets
- ▶ Independent acquisitions of third party oil & gas properties

Asset Lifecycle



The CEP and Constellation relationship enables both to be more competitive in the acquisition market

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

Acquisition Focus

Preferred Asset Characteristics

- ▶ **Long-lived Production**
 - Reserve / Production Ratio of > 10
- ▶ **Low Decline Rate**
- ▶ **Low-Risk Drilling**
 - Offset the production decline
 - Provide organic growth opportunities
- ▶ **High Percentage Proved Developed**

Target Asset Profile

Basin Consolidation

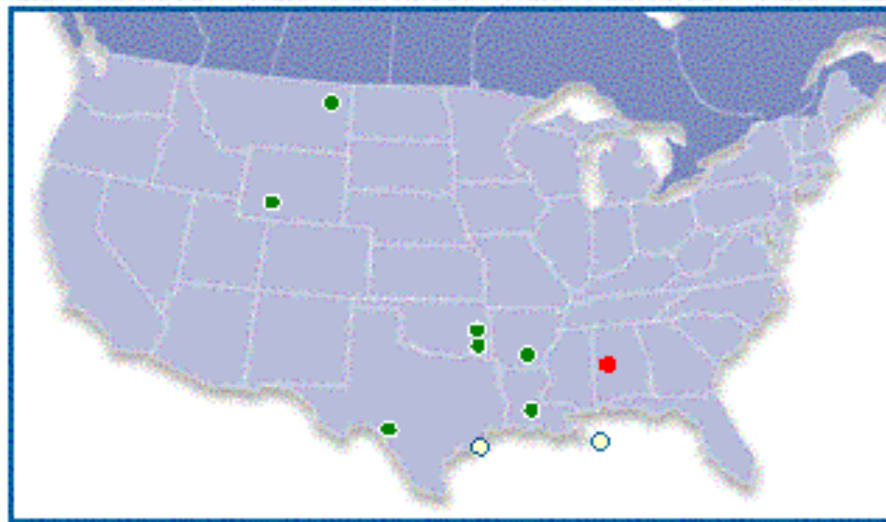
Coalbed Methane

Unconventional Gas

**Long-lived, Stable Producing
Oil & Gas**

Asset characteristics and market aspects lead to focus on unconventional gas

Constellation's Upstream Gas Portfolio



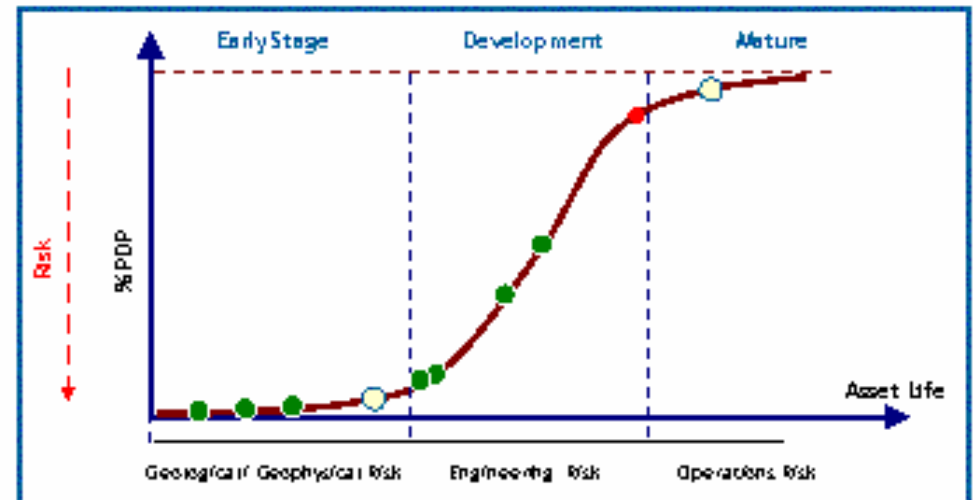
● Constellation Energy Partners ● unconventional ○ conventional

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)
- Southeast Texas carbonates

Constellation's portfolio represents 216 Bcf of proved reserves (including interest in CEP)

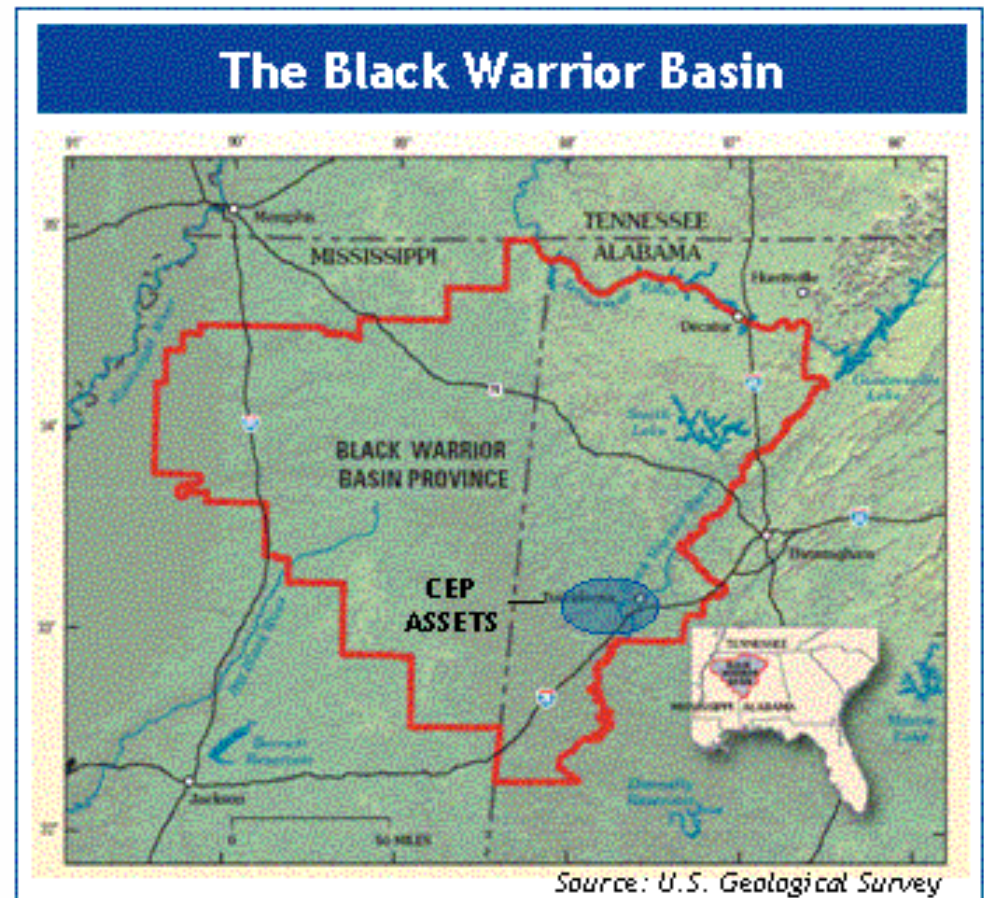
Asset Lifecycle



Potential drop down to CEP within the next 12 months

Robinson's Bend Field

- ▶ **Leases:** ~59,000 net acres
- ▶ **Production (Net):** 12.7 MMcf/day from 468 wells
- ▶ **Drilling:** Drilled 40 wells since 2005
- ▶ **Reserves:** 120 Bcf Proved; Reserves/Production - 24 yrs
- ▶ **Organic Growth Potential:** 120 undeveloped & over 200 potential locations
- ▶ **Operations:** 100% Operated
- ▶ **Staff:** Experienced staff operating the field since the early 1990's



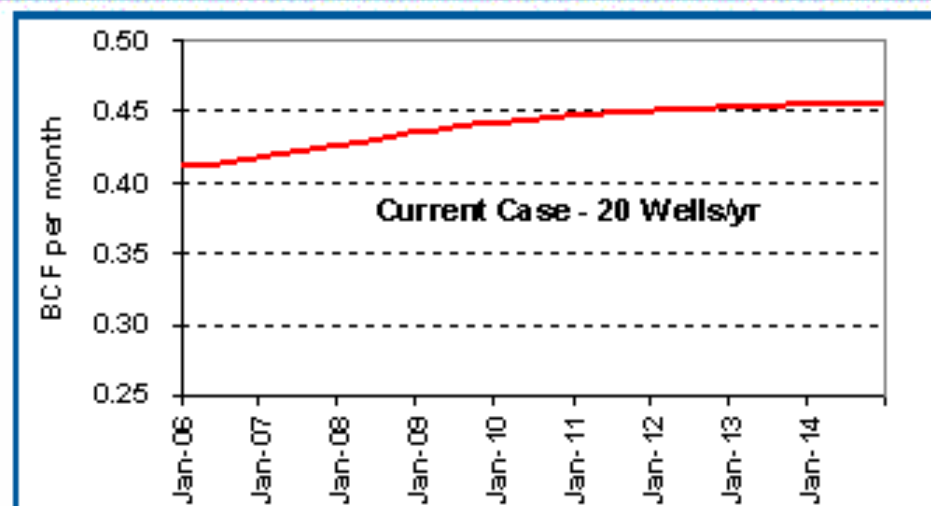
Source: 1. EA - Coal Bed Methane Proved Reserves and Production Data
2. Alabama Coal Bed Methane Monthly, September 2006

Field is operated by experienced staff

Stable and Flexible Production Base

2006 Unit Operating and Drilling Costs (\$/Mcf)

LOE (\$/Mcf)	\$1.56
Prod. Taxes (\$/MMBtu)	<u>\$0.38</u>
Field Level Operations	\$1.94
Drilling Cost	<u>\$1.04</u>
All in Cost	\$2.98



- ▶ **Stability:** The Robinson's Bend asset characteristics promote cash-flow stability:
 - *Low Decline:* Historical production decline rates have been 6%
 - *Unit Costs:* Field operates at \$1.94/MMBtu; drilling at over \$1.04/MMBtu
- ▶ **Flexibility:** Numerous drilling locations allow for:
 - *Organic Growth:* Through ramping up annual drilling rate
 - *Stability:* Maintain distributable cash flows through increased drilling in low gas price environments

Current asset base supports distribution stability and organic growth

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