DIVISION OF
CORPORATION FINANCE

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549-4561

July 18, 2011

Scott L. Olson
Andrews Kurth LLP
600 Travis, Suite 4200
Houston, TX 77002

Re: Constellation Energy Partners LLC
Incoming letter dated June 28, 2011

Dear Mr. Olson:

This is in response to your letter dated June 28, 2011 concerning the shareholder proposal submitted to Constellation Energy Partners by Investment Partners Opportunity Fund. Our response is attached to the enclosed photocopy of your correspondence. By doing this, we avoid having to recite or summarize the facts set forth in the correspondence. Copies of all of the correspondence also will be provided to the proponent.

In connection with this matter, your attention is directed to the enclosure, which sets forth a brief discussion of the Division's informal procedures regarding shareholder proposals.

Sincerely,

Gregory S. Belliston
Special Counsel

Enclosures

cc: Jim Colantino
Assistant Treasurer
Investment Partners Opportunity Fund
4020 South 147th Street
Omaha, NE 68137

July 18, 2011

Response of the Office of Chief Counsel
Division of Corporation Finance

Re: Constellation Energy Partners LLC
Incoming letter dated June 28, 2011

The proposal requests the board of managers to resume paying quarterly cash distributions of an appropriate amount relative to members' equity.

We are unable to concur in your view that Constellation Energy Partners may exclude the proposal under rule 14a-8(i)(1). In reaching this position, we note that the proposal is precatory and that neither applicable state law nor the company's governing documents appear to preclude shareholders from considering the matter requested by the proposal. Accordingly, we do not believe that Constellation Energy Partners may omit the proposal from its proxy materials in reliance on rule 14a-8(i)(1).

We are unable to concur in your view that Constellation Energy Partners may exclude the proposal under rule 14a-8(i)(7). We note that the proposal relates to the payment of dividends generally. The Commission has found that the issue of whether to pay dividends does not involve "ordinary" business matters because this issue is extremely important to most security holders and involves significant economic and policy considerations. Securities Exchange Act Release No. 12999 (November 22, 1976). In the staff's view, this proposal, which does not concern the form, method or procedure for dividend payments (and which does not relate to a specific amount of dividends (see rule 14a-8(i)(13)), involves a matter of policy outside the realm of Constellation Energy Partners' ordinary business operations. Accordingly, we do not believe that Constellation Energy Partners may omit the proposal from its proxy materials in reliance on rule 14a-8(i)(7).

Sincerely,

Gregory S. Belliston
Special Counsel

DIVISION OF CORPORATION FINANCE
INFORMAL PROCEDURES REGARDING SHAREHOLDER PROPOSALS

The Division of Corporation Finance believes that its responsibility with respect to matters arising under Rule 14a-8 [17 CFR 240.14a-8], as with other matters under the proxy rules, is to aid those who must comply with the rule by offering informal advice and suggestions and to determine, initially, whether or not it may be appropriate in a particular matter to recommend enforcement action to the Commission. In connection with a shareholder proposal under Rule 14a-8, the Division's staff considers the information furnished to it by the Company in support of its intention to exclude the proposals from the Company's proxy materials, as well as any information furnished by the proponent or the proponent's representative.

Although Rule 14a-8(k) does not require any communications from shareholders to the Commission's staff, the staff will always consider information concerning alleged violations of the statutes administered by the Commission, including argument as to whether or not activities proposed to be taken would be violative of the statute or rule involved. The receipt by the staff of such information, however, should not be construed as changing the staff's informal procedures and proxy review into a formal or adversary procedure.

It is important to note that the staff's and Commission's no-action responses to Rule 14a-8(j) submissions reflect only informal views. The determinations reached in these no-action letters do not and cannot adjudicate the merits of a company's position with respect to the proposal. Only a court such as a U.S. District Court can decide whether a company is obligated to include shareholder proposals in its proxy materials. Accordingly a discretionary determination not to recommend or take Commission enforcement action, does not preclude a proponent, or any shareholder of a company, from pursuing any rights he or she may have against the company in court, should the management omit the proposal from the company's proxy material.

ANDREWS
ATTORNEYS KURTH LLP

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713.220.4200 Phone
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andrewskurth.com

June 28, 2011

VIA EMAIL (shareholderproposals@sec.gov)

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street NE
Washington, D.C. 20549

Attention: Office of Chief Counsel

Re: *Constellation Energy Partners LLC*

Ladies and Gentlemen:

We are writing on behalf of our client, Constellation Energy Partners LLC, a Delaware limited liability company (the "Company"), to request confirmation that the staff of the Division of Corporation Finance (the "Staff") of the U.S. Securities and Exchange Commission (the "Commission") will not recommend enforcement action if, in reliance on certain provisions of Rule 14(a)-8 of the rules and regulations (the "Rules and Regulations") promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Company excludes a proposal (the "Proposal"), submitted by Investment Partners Opportunity Fund (the "Proponent"), from the proxy materials (the "Proxy Materials") for the Company's 2011 Annual Meeting of Unitholders (the "2011 Annual Meeting").

Pursuant to Rule 14a-8(j), we are providing you with this letter, which outlines the Company's reasons for excluding the Proposal from its Proxy Materials, and the Proponent's letter setting forth the Proposal, attached as Exhibit A hereto. We are simultaneously sending a copy of this letter to the Proponent as notice of the Company's intention to omit the Proposal from the Proxy Materials. The Proponent is respectfully requested to copy the undersigned on any response that the Proponent may choose to make to the Commission.

The Company's 2011 Annual Meeting is currently anticipated to be scheduled for October 26, 2011, and the Company currently anticipates filing its definitive Proxy Materials with the Commission on or about September 16, 2011. We respectfully request that you advise the Company with respect to the Proposal at your earliest convenience.

THE PROPOSAL

The Proponent's Proposal requests that the Company's Board of Managers (the "Board") "resume paying quarterly cash distributions of an appropriate amount relative to members' equity."

We believe that the Proposal may be properly excluded from the Proxy Materials for the following reasons, each of which is discussed in more detail below:

(1) the Proposal is excludable under Rule 14a-8(i)(1) of the Rules and Regulations because it is not a proper subject for action by unitholders under the laws of the jurisdiction of the Company's organization; and

(2) the Proposal is excludable under Rule 14a-8(i)(7) of the Rules and Regulations because it deals with a matter relating to the Company's ordinary business operations.

LEGAL ANALYSIS

I. The Proposal is excludable under Rule 14a-8(i)(1) of the Rules and Regulations because it is not a proper subject for action by unitholders under the laws of the jurisdiction of the Company's organization.

Application of the Jurisdiction of Organization Exclusion

Pursuant to Rule 14a-8(i)(1) of the Rules and Regulations, the Company may properly exclude a unitholder's proposal if such proposal "is not a proper subject for action by [unitholders] under the laws of the jurisdiction of the [C]ompany's organization." We believe that the Company may exclude the Proponent's Proposal because, if adopted, it would allow the Company's unitholders to mandate Board action on matters that, pursuant to the Delaware Limited Liability Company Act (the "Delaware LLC Act") and the Company's Second Amended and Restated Operating Agreement, as amended (the "Operating Agreement"), are specifically within the purview of the Board.

As a limited liability company organized under the laws of the State of Delaware, the Company is subject to the Delaware LLC Act. Section 18-601 of the Delaware LLC Act provides in part that "to the extent and at the times or upon the happening of the events specified in a limited liability company agreement, a member is entitled to receive from a limited liability company distributions before the member's resignation from the limited liability company and before the dissolution and winding up thereof." Section 6.3(a) of the Company's Operating Agreement provides that the Company shall pay a distribution to its unitholders with 45 days of the end of each fiscal quarter. The Operating Agreement, provides that such quarterly distribution shall be in an amount equal to "all cash and cash equivalents" on hand at the end of such quarter *plus* "all additional cash and cash equivalents" on hand at the date of determination

less "the amount of any cash reserves established by the Board of Managers." Thus, the Operating Agreement grants the Board sole authority to determine on a quarterly basis the amount and use of any cash to be reserved by the Company, in lieu of payment of distributions. Such cash may be used for a number of purposes, including providing "for the proper conduct of the business" and complying with any "applicable law or any loan agreement, security agreement, mortgage, debt instrument or other agreement or obligation." However, ultimately, the decision to establish cash reserves is one that may only be made by the Board, and as such, the determination of when and if distributions should be paid also lies directly within the Board's purview.

Nowhere in the Delaware LLC Act or the Company's Operating Agreement are unitholders' granted the power or authority to supplant or usurp the Board's discretionary authority with respect to declaring distributions or establishing cash reserves. Delaware courts have also historically supported the proposition that, absent fraud or gross abuse of discretion, the decision to pay dividends lies exclusively with the board of directors of a company. In *Gabelli & Co. v. Ligget Group, Inc.*, the Delaware Supreme Court stated that "[i]t is settled law in this State that the declaration and payment of a dividend rests in the discretion of the corporation's board of directors in the exercise of its business judgment; that, before the courts will interfere with the judgment of the board of directors in such matter, fraud or gross abuse of discretion must be shown." (479 A.2d 276, 280 (Del. 1984)). Accordingly, pursuant to the Delaware LLC Act and the terms of the Company's Operating Agreement, the authority to declare and pay distributions is vested solely in the Board and is not a proper subject for action by the Company's unitholders.

Rule 14a-8(i)(1) of the Rules and Regulations also includes a Note, which states in part that "[d]epending on the subject matter, some proposals are not considered proper under state law if they would be binding on the company if approved by shareholders." In *Exchange Act Release No. 34-12999* (November 22, 1976), when considering certain amendments to Rule 14a-8(c)(1) (now Rule 14a-8(i)(1)), the Commission stated that:

> "...it is the Commission's understanding that the laws of most states do not, for the most part, explicitly indicate those matters which are proper for security holders to act upon but instead provide only that 'the business and affairs of every corporation organized under this law shall be managed by its board of directors,' or words to that effect. Under such a statute, the board may be considered to have exclusive discretion in corporate matters, absent a specific provision to the contrary in the statue itself, or the corporation's charter or bylaws. Accordingly, proposals by security holders that mandate or direct the board to take certain action may constitute an unlawful intrusion on the board's discretionary authority under the typical statute."

Section 19-402 of the Delaware LLC Act explicitly states that "if a limited liability company agreement provides for the management, in whole or in part, of a limited liability

company by a manager, the management of the limited liability company, to the extent so provided, shall be vested in the manager who shall be chosen in the manner provided in the limited liability company agreement." Section 7.1(a) of the Company's Operating Agreement provides that "[e]xcept as otherwise expressly provided in [the Operating] Agreement, the business and affairs of the Company shall be managed by or under the direction of a Board of Managers." Section 7.1(a) of the Operating Agreement goes on to enumerate certain actions that are within the specific purview of the Board, including matters related to "the distribution of Company cash" and "the lending or borrowing of money." Decisions related to the business of the Company, including specifically decisions related to the payment of distributions and repayment of debt, are matters on which the Board has been allocated the authority to take action as "it determines to be necessary or appropriate to conduct the business of the Company." *Id.* This conclusion was supported by the Commission in *Exchange Act Release No. 34-12999*, when the Commission stated that "mandatory dividend proposals would continue to be excludable under subparagraph (c)(1) of the revised rule, to the extent that they would intrude on the board's exclusive discretionary authority under the applicable state law to make decisions on dividends." As such, the Proponent's Proposal, which would mandate the Board to take action with respect to matters which are clearly within the Board's discretion, would "constitute an unlawful intrusion on the board's discretionary authority." (*Exchange Act Release No. 34-12999*).

The Staff has often agreed that a stockholder proposal that would direct a board of directors to take an action, including with respect to payment of dividends, is generally inconsistent with the discretionary authority granted to a board of directors under state law. *See, e.g., MGM Mirage* (February 6, 2008) (permitting exclusion of a proposal that required a peer group study of dividend payments and required payment of dividends when the study was completed); *Cisco Systems* (July 29, 2005) (permitting exclusion of a proposal that asked the shareholders to vote for substantial dividend payments to begin no later than a specified date); *Magma Power Company* (April 13, 1992) (permitting exclusion of a proposal that required a company to pay a quarterly dividend).

Conclusion

Pursuant to Rule 14a-8(i)(1) of the Rules and Regulations, the Company may properly exclude the Proponent's Proposal as such Proposal "is not a proper subject for action" by the Company's unitholders under the laws of the State of Delaware. If adopted, the Proposal would allow the Company's unitholders to mandate Board action on the payment of distributions; however, under Delaware case law, it is well established that it is the Board, not the unitholders, who has sole discretionary authority with respect to the payment of distributions. This principle is supported by the terms of the Company's Operating Agreement, which, pursuant to Section 18-601 of the Delaware LLC Act, governs the timing and payment of distributions. As a result, the Proponent's Proposal is subject to exclusion under Rule 14a-8(i)(1), as it seeks to allow unitholders the ability to mandate Board action on a matter that, under Delaware law, is specifically within the purview of the Board.

II. The Proposal may be excluded under Rule 14a-8(i)(7) of the Rules and Regulations because it deals with a matter relating to the Company's ordinary business operations.

Application of the Ordinary Business Exclusion

Pursuant to Rule 14a-8(i)(7) of the Rules and Regulations, the Company may also properly exclude a unitholder's proposal if such proposal "deals with matters relating to the [C]ompany's ordinary business operations." In *Exchange Act Release No. 34-40018* (May 21, 1998), the Commission expressed two central considerations underlying the ordinary business exception. The Commission first considered the impact of the subject matter of the proposal, stating that "[c]ertain tasks are so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight." *Id.* Here, the Commission noted such "fundamental" tasks as "the management of the workforce, such as the hiring, promotion, and termination of employees, decisions on production quality and quantity, and the retention of suppliers." *Id.* The Commission's second consideration related to "the degree to which the proposal seeks to 'micro-manage' the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment." *Id.* Here, the Commission made reference to circumstances in which "the proposal involves intricate detail, or seeks to impose specific time-frames or methods for implementing complex policies." *Id.*

Decisions regarding the payment of distributions and, as noted in the Proponent's Proposal, the repayment of debt are integral parts of the day-to-day cash management activities that all public companies deal with in the ordinary course of their business. Each of these activities involve fundamental aspects of the business and financial affairs of the Company, which are of the utmost importance to both the Company and its unitholders, and as such, are trusted to the purview of the Board. In considering and weighing matters as complex as balancing the payment of distributions and the repayment of debt, it is the exclusive province of the Board, in the exercise of prudent business judgment, to review a variety of factors unique to the Company, in order to determine how the interests of the Company and its unitholders may best be served. Because of the complexity of the factors that must be weighed in making such determinations, and the sophistication required to analyze and act effectively with respect to such activities, decisions regarding these matters are properly within the discretion of the Board and should not be subject to direct unitholder oversight.

The Staff has previously noted that the determination of whether and when to repay debt is an ordinary course of business function. *See, e.g., Stewart Enterprises, Inc.* (January 2, 2001) (permitting the issuer to "exclude the proposal under rule 14a-8(i)(7), as relating to its ordinary business operations (i.e., the manner in which the company will satisfy existing debt)"); *R.J. Reynolds Industries* (November 24, 1975) ("[the proposal] deals with the company's finances (specifically the management of its debt), a manner that necessary involves the ordinary operations of the company").

As previously cautioned by the Commission, the Proponent's Proposal is one that probes "too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment." *Id.* If approved, the Proposal would not only severely restrict the Board of Manager's discretion in managing the business operations of the Company, but it would effectively allow unitholders to supplant the Board's authority with respect to the payment of distributions. In *Maldonado v. Flynn*, the Delaware Chancery Court stated that it is a "well settled and salutary doctrine of corporate law that the board of directors of a corporation, as the repository of the power of corporate governance, is empowered to make the business decisions of the corporation. The directors, not the stockholders, are the managers of the business affairs of the corporation." (413 A.2d 1251, 1255 (Del. Ch. 1980)). By allowing unitholders to mandate payment of distributions, and effectively restrict the Company's ability to repay debt, the Proposal would deprive the Board of Managers of its ability, on behalf of the unitholders, to manage the Company's financing activities, which are a fundamental aspect of the business and affairs of the Company.

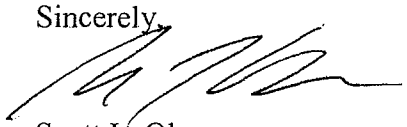
Conclusion

Ultimately, in *Exchange Act Release No. 34-40018* (May 21, 1998), the Commission concluded that the general policy underlying the ordinary business exception is "consistent with the policy of most state corporate laws: to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholders meeting." In light of this policy, the Proponent's Proposal is subject to exclusion under Rule 14a-8(i)(7), as it seeks to allow unitholders the ability to supplement their own judgment for that of the Board on a matter that is both complex and fundamental to the business and financial affairs of the Company.

CONCLUSION

For the reasons set forth above, we respectfully request that the Staff confirm that it will not recommend enforcement action if, in reliance on Rule 14a-8(i)(1) and Rule 14a-8(i)(7) of the Rules and Regulations, the Company excludes the Proponent's Proposal from the Proxy Materials for the Company's 2011 Annual Meeting. If the Staff contemplates issuing a response that differs from our views set forth above, we respectfully request the opportunity for a conference to discuss our views further. If you require additional information or would like to discuss any of the foregoing matters, please do not hesitate to contact the undersigned at (713) 220-4764.

Sincerely,



Scott L. Olson

cc: Lisa J. Mellencamp
General Counsel
Constellation Energy Partners LLC

cc: Jim Colantino
Assistant Treasurer
Investment Partners Opportunity Fund

Investment Partners Opportunities Fund
4020 South 147th Street
Omaha, NE 68137

May 17, 2011

Secretary
Constellation Energy Partners LLC
1801 Main Street, Suite 1300
Houston, Texas 77002

Madame Secretary:

Kindly take notice that Investment Partners Opportunities Fund (the "Fund") hereby requests, pursuant to Rule 14a-8 promulgated under the Securities Exchange Act of 1934, that Constellation Energy Partners LLC ("CEP") include the enclosed shareholder proposal and supporting statement in its proxy statement and form of proxy for the next annual meeting of unitholders.

Pursuant to Section 11.13(c)(B) of the Second Amended and Restated Operating Agreement of CEP (the "Agreement"), a brief description of the business desired to be brought before the meeting and the reasons for conducting such business at the meeting are set forth in the shareholder proposal and supporting statement. The Fund's only interest is as a unitholder of CEP. Pursuant to Section 11.13(c)(C) of the Agreement, the Fund, whose address appears above on this letterhead, is the beneficial owner of 85,000 Common Units representing Class B Limited Liability Company Interests ("Class B Units"). Such Class B Units are held on the Fund's behalf by the Fund's custodian, Union Bank, N.A., Institutional Trust & Custody Services, 350 California Street, 6th Floor, San Francisco, CA 94104, through its participant account at Depository Trust Company. The Fund does not intend to deliver a proxy statement or form of proxy to unitholders.

Enclosed is a letter from Union Bank, N.A., confirming that the Fund is the beneficial owner of 85,000 Class B Units and that it has beneficially owned 16,000 Class B Units, exceeding $2,000 in market value, for at least one year. The Fund intends to continue to hold Class B Units exceeding $2,000 in market value through the date of the next annual meeting of unitholders.

Very truly yours,

INVESTMENT PARTNERS OPPORTUNITIES FUND

By:
Name: Jim Colantino
Title: Assistant Treasurer

RESOLVED: The unitholders of Constellation Energy Partners (CEP) request the Board of Managers to resume paying quarterly cash distributions of an appropriate amount relative to members' equity.

CEP has not paid cash distributions to unitholders in over two years, and over that time CEP's unit price appears to have markedly underperformed the Alerian MLP Index, Dow Jones US Exploration & Production Index, and a peer group, according to a graph on page 48 of CEP's 2010 10-K. At March 31, 2011, CEP's units traded at approximately an 82.5% discount to per-unit net asset value of its total reserves, according to data on page 7 of the support material from CEP's first-quarter 2011 conference call.

Among the main reasons investors are attracted to master limited partnerships is that they provide cash-flow in the form of ongoing distributions. In fact, CEP's 2006 prospectus stated on page 2, "[CEP's] primary business objective is to generate stable cash flows allowing [CEP] to make quarterly cash distributions to [its] unitholders and over time to increase the amount of [its] future quarterly distributions by executing [its] business strategy."

After May 2009, CEP "temporarily" ceased paying distributions, opting instead to reduce debt. Prior to the suspension, CEP's quarterly distribution was $0.13 per unit in 2009 and $0.5625 per unit in 2008. Faced with similar issues, other master limited partnerships in the energy sector chose to raise equity capital, thereby strengthening their balance sheets, reducing debt, financing growth, and *maintaining* cash distributions.

According to CEP's 2010 10-K, "[t]hrough February 25, 2011, [the company had] successfully reduced [its] outstanding debt level from a high of $220.0 million to $165.0 million." It also stated that "[d]uring 2011, [CEP] intend[s] to continue to use [its] excess operating cash flows to continue to reduce [its] outstanding debt by an additional $25.0 million to $30.0 million." If that projection holds true, then the amount of debt repayment over the past few years could exceed $3.00 per unit, excluding interest expense. While cash distributions have remained suspended to reduce debt, we note that expenses for the top 4 executives listed in CEP's 2010 10-K have remained high. In 2010, senior management expenses were $3,707,542 (approximately $0.15 per unit), of which at least $1,595,000 was cash.

With the continued suspension of cash distributions, we think that among the only constituents of CEP currently deriving an immediate benefit from the company's existence are its creditors and its employees.

Since the 10-K states that "[a]s of February 25, 2011, [CEP's] reserve-based credit facility [had] a borrowing base of $195.0 million, which currently leaves [CEP] with $30.0 million of funds available for borrowing", we believe that by year end there should be enough liquidity for CEP to resume paying meaningful quarterly cash distributions. We also feel that resumption of distributions would likely affect CEP's unit price positively.

If you want to see CEP return to its primary business objective of paying a meaningful, ongoing distribution, please vote for this proposal.

UnionBank

May 17, 2011

Mr. Gregg T. Abella
Investment Partners Opportunities Fund
One Highland Avenue
Metuchen, New Jersey 08840

Dear Gregg:

We are providing this letter at your request, as our customer. Union Bank, N.A. acts as custodian for certain of your securities. Based on our records, Investment Partners Opportunities Fund are the beneficial owner of 85,000 units of Constellation Energy Partners LLC Class B Units (CUSIP # 21038E101) held in your custody account, and as of May 17, 2011, 16,000 of such units will have been held at least 1 year. Also enclosed is a communication from the Depository Trust Company confirming that according to DTC's records, Union Bank is the legal owner, through its DTC participant account, of 85,000 units of Constellation Energy Partners held in DTC's book entry system.

Sincerely,

Margaret Bond
Vice President

Institutional Trust & Custody Services
350 California Street, 6th Floor
San Francisco, CA 94104
A member of MUFG, a global financial group

Tel. 800 255 0654

Pages 14 through 15 redacted for the following reasons:
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*** FISMA & OMB Memorandum M-07-16 ***