LEGACY RESERVES LP
Form 424B5
October 06, 2014

CALCULATION OF REGISTRATION FEE

Title of Each Class to be Registered	Amount to Be Registered(1)	Offering Price Per Unit	Aggregate Offering Price	Amount of Registration Fee
Units representing limited partner interests	11,500,000	$27.38	$314,870,000	$36,588(2)

(1) Includes 1,500,000 units representing limited partner interests issuable upon exercise of the underwriters' option to purchase additional units.

(2) The filing fee, calculated in accordance with Rule 457(r) of the Securities Act of 1933, has been transmitted to the Securities and Exchange Commission in connection with the securities offered under Registration Statement File No. 333-194999 by means of this prospectus supplement.

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-194999

PROSPECTUS SUPPLEMENT

(To the Prospectus dated April 2, 2014)

10,000,000 Units

LEGACY RESERVES LP

Representing Limited Partner Interests

We are selling 10,000,000 units representing limited partner interests of Legacy Reserves LP. Our units trade on the NASDAQ Global Select Market under the symbol "LGCY." The last reported sales price of our units on the NASDAQ Global Select Market on October 2, 2014 was $28.45 per unit.

Investing in our units involves risks. You should carefully consider each of the factors described under "Risk Factors" beginning on page S-7 of this prospectus supplement and on page 3 of the accompanying prospectus.

We have granted the underwriters a 30-day option to purchase up to an additional 1,500,000 units from us on the same terms and conditions as set forth above if the underwriters sell more than 10,000,000 units in this offering.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Unit	Total
Public offering price	$ 27.38	$ 273,800,000
Underwriting discounts and commissions(1)	$ 0.95	$ 9,500,000
Proceeds, before expenses, to Legacy Reserves LP	$ 26.43	$ 264,300,000

(1) See "Underwriting" beginning on page S-38 of this prospectus supplement for adiscussion regarding certain additional compensation and discounts.

The underwriters expect to deliver the units on or about October 8, 2014.

Joint Book-Running Managers

UBS Investment Bank	**BofA Merrill Lynch**	**RBC Capital Markets**	**Wells Fargo Securities**
Barclays	**Citigroup**	**J.P. Morgan**	**Raymond James**

Co-Managers

Baird	**Ladenburg Thalmann**	**MLV & Co.**
Janney Montgomery Scott	**U.S. Capital Advisors**	**Wunderlich Securities**

The date of this prospectus supplement is October 3, 2014.

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AREAS OF OPERATIONS

* Darker shades denote more concentrated acreage holdings.

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PROSPECTUS SUPPLEMENT

PROSPECTUS DATED APRIL 2, 2014

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Important Notice About Information in this Prospectus Supplement and the Accompanying Prospectus

This document is in two parts. The first part is the prospectus supplement, which describes the specific terms of this offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information about securities we may offer from time to time, some of which may not apply to this offering of units.

If the information relating to the offering varies between the prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus prepared by or on behalf of us. We have not, and the underwriters have not, authorized anyone to provide you with additional or different information. If anyone provides you with additional, different or inconsistent information, you should not rely on it. This prospectus supplement and the accompanying prospectus are not an offer to sell or a solicitation of an offer to buy our units in any jurisdiction where such offer and any sale would be unlawful. You should not assume that the information contained in this prospectus supplement or the accompanying prospectus is accurate as of any date other than the date on the front of those documents or that any information we have incorporated by reference is accurate as of any date other than the date of the document incorporated by reference. Our business, financial condition, results of operations and prospects may have changed since such dates.

The information in this prospectus supplement is not complete. You should review carefully all of the detailed information appearing in this prospectus supplement, the accompanying prospectus and the documents we have incorporated by reference before making any investment decision.

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SUMMARY

This summary highlights information included or incorporated by reference in this prospectus supplement. It does not contain all of the information that may be important to you. You should read carefully the entire prospectus supplement, the accompanying prospectus, the documents incorporated herein by reference and the other documents to which we refer to herein for a more complete understanding of this offering.

Unless the context otherwise requires, references to "Legacy Reserves," "Legacy," the "Partnership," "we," "our," "us," or like terms refer to Legacy Reserves LP and its subsidiaries. As used herein, the term "units" refers to our units representing limited partner interests in the Partnership and not to our 8% Series A Cumulative Redeemable Perpetual Preferred Units ("Series A Preferred Units") or our 8% Series B Cumulative Redeemable Perpetual Preferred Units ("Series B Preferred Units"), and "unitholders" refers to the holders of units. As used herein, unless the context requires otherwise, "preferred units" refers to the Series A Preferred Units and the Series B Preferred Units, collectively, and the term "limited partner interests" refers to our units, the Series A Preferred Units and the Series B Preferred Units, collectively.

LEGACY RESERVES LP

Overview

We are a master limited partnership headquartered in Midland, Texas, focused on the acquisition and development of oil and natural gas properties primarily located in the Permian Basin, Rocky Mountain and Mid-Continent regions of the United States.

Our primary business objective is to generate stable cash flows allowing us to make cash distributions to our unitholders and to support and increase quarterly cash distributions per unit over time through a combination of acquisitions of new properties and development of our existing oil and natural gas properties.

Our oil and natural gas production and reserve data as of December 31, 2013 are as follows:

- We had proved reserves of approximately 87.6 million barrels of crude oil equivalent (MMBoe), of which 70% were oil and natural gas liquids (NGLs) and 85% were classified as proved developed producing (PDP), 2% were proved developed non-producing, and 13% were proved undeveloped; and

- Our proved reserves to production ratio was approximately 12.4 years based on the annualized production volumes for the three months ended December 31, 2013.

We have grown primarily through two activities: the acquisition of producing oil and natural gas properties and the development of properties in established producing trends. From 2007 through 2013, we completed 129 acquisitions of oil and natural gas properties for a total of approximately $1.6 billion. These acquisitions of primarily long-lived, oil-weighted assets, along with our ongoing development activities and operational improvements, have allowed us to achieve significant operational and financial growth during this time period.

Executive Offices

Our principal executive offices are located at 303 W. Wall Street, Suite 1800, Midland, Texas 79701 and our telephone number is (432) 689-5200.

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Business Strategy

The key elements of our business strategy are to:

- Make Accretive Acquisitions of Producing Properties Generally Characterized by Long-Lived Reserves with Stable Production and Reserve Development Potential;

- Add Proved Reserves and Maximize Cash Flow and Production Through Development Projects and Operational Efficiencies;

- Maintain a Conservative Capital Structure and Financial Flexibility; and

- Reduce Cash Flow Volatility Through Commodity Price Derivatives.

Competitive Strengths

We believe that we are positioned to successfully execute our business strategy because of the following competitive strengths:

Proven Acquisition Track Record

From 2007 through 2013, we completed 129 acquisitions of oil and natural gas properties representing over $1.6 billion in total transaction value. Our acquisition activity has been primarily focused within our three primary operating regions, specifically the Permian Basin, Mid-Continent and Rocky Mountain areas, where we believe we have a distinct competitive advantage. We believe our experience and expertise in making acquisitions will allow us to continue to prudently grow our asset base and business in the future.

Long-Lived, Liquids-Weighted Reserve Base

Our properties are primarily located in mature fields characterized by a long history of stable production and low-to-moderate rates of production decline. As of December 31, 2013 we had proved reserves of approximately 87.6 MMBoe, of which approximately 70% were oil and NGLs and 85% were classified as PDP, 2% were proved developed non-producing, and 13% were proved undeveloped. As of December 31, 2013 our proved reserves had a standardized measure of approximately $1.6 billion and a proved reserves to production ratio of approximately 12.4 years based on the annualized production volumes for the three months ended December 31, 2013.

Diversified Operations and Significant Operational Control

As of December 31, 2013, our producing oil and natural gas assets encompass approximately 8,071 gross producing wells spanning three geographic producing regions, each with established oil and natural gas production histories. As of December 31, 2013, we operated approximately 78% of our net daily production. Retaining operational control of our assets allows us to leverage our technical and operational expertise to manage overhead, production and drilling costs as well as control the timing and quantity of capital expenditures.

Extensive, Low-Risk Development Drilling Inventory

We have an extensive inventory of low-risk development opportunities throughout our properties, comprised of drilling locations and re-completion and workover opportunities. Our capital expenditure budget for 2014 is largely focused in the Permian Basin and includes expenditures on development drilling opportunities and workover and re-completion activities, all of which are targeting oil projects.

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Experienced Management Team with a Vested Interest in Our Success

The members of our management team have an average of over 20 years of experience in the oil and natural gas industry. We believe this experience will help our management team successfully navigate periods of commodity price volatility and to successfully identify, evaluate, execute, and integrate acquisition opportunities. Additionally, members of our management team, directors and other founding investors beneficially own approximately 18% of our units in us, aligning their interests with those of our investors.

Recent Developments

Increase to Quarterly Cash Distribution

On August 14, 2014, we paid a quarterly distribution attributable to the second quarter of 2014 of $0.61 per unit, or $2.44 on an annualized basis, to unitholders of record at the close of business on August 1, 2014. This quarterly distribution was a $0.015 per unit increase from the prior quarterly distribution.

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THE OFFERING

Units offered by Legacy Reserves LP	10,000,000 units; 11,500,000 units if the underwriters exercise in full their option to purchase additional units.
Units outstanding after this offering	67,666,434 units, or 69,166,434 units if the underwriters exercise in full their option to purchase additional units.
Use of proceeds	We expect to receive net proceeds of approximately $264.0 million from the sale of 10,000,000 units offered by this prospectus supplement, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We plan to use the net proceeds from this offering, including any net proceeds from the underwriters' exercise of their option to purchase additional units, for general partnership purposes, including funding future acquisitions or repaying a portion of the borrowings outstanding under our revolving credit facility. Please read "Use of Proceeds."
Cash Distributions	Our partnership agreement requires us to distribute all of our cash on hand at the end of each quarter, less reserves established by our general partner. We refer to this cash as "available cash," and we define its meaning in our partnership agreement. Once all distributions payable with respect to our outstanding preferred units are made, our partnership agreement also requires that we distribute all of our available cash from operating surplus each quarter in the following manner: *first*, 100.00% to the unitholders and our general partner, pro rata, until each unitholder receives a total of $0.6785 per unit for that quarter; *second*, 87.00% to the unitholders and our general partner, pro rata and 13.00% to the holders of the Incentive Distribution Units, pro rata, until each unitholder receives a total of $0.7375 per unit for that quarter; and *thereafter*, 77.00% to the unitholders and our general partner, pro rata, and 23.00% to the holders of Incentive Distribution Units, pro rata. Please read "Cash Distribution Policy."

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Conflicts of interest	As described in "Use of Proceeds," affiliates of UBS Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, RBC Capital Markets, LLC, Wells Fargo Securities, LLC, Barclays Capital Inc., Citigroup Global Markets Inc. and J.P. Morgan Securities LLC are lenders under our revolving credit facility and may receive more than 5% of the proceeds from this offering pursuant to the repayment of borrowings under that facility. Nonetheless, in accordance with the Financial Industry Authority Rule 5121, the appointment of a qualified independent underwriter is not necessary in connection with this offering because the units offered hereby are interests in a direct participation program. Investor suitability with respect to the units will be judged similarly to the suitability with respect to other securities that are listed for trading on a national securities exchange. Please read "Underwriting Certain Relationships."
Estimated ratio of taxable income to distribution	We estimate that if you purchase units in this offering and own them for the period from the closing of this offering through the record date for the distribution with respect to the fourth calendar quarter of 2017, then you will be allocated, on a cumulative basis, an amount of U.S. federal taxable income for that period that will be less than 20% of the amount of cash distributed to you with respect to that period. If you continue to own units purchased in this offering after that period, the percentage of federal taxable income allocated to you may be higher. Please read "Material Tax Considerations" in this prospectus supplement for the basis of this estimate.
Exchange listing	Our units are traded on the NASDAQ Global Select Market under the symbol "LGCY."

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OWNERSHIP OF LEGACY RESERVES LP

The following table and chart depict our simplified structure and ownership, prior to giving effect to this offering.

Public Unitholders	82.42%(a)
Founding Investors(b), Directors and Management	17.55%(a)
General Partner Interest	0.03%
Total	100.00%

(a) Does not include (i) 2,300,000 of our Series A Preferred Units, (ii) 7,200,000 of our Series B Preferred Units, (iii) 100,000 issued and outstanding Incentive Distribution Units, (iv) 200,000 issued but unvested Incentive Distribution Units or (iv) 700,000 Incentive Distribution Units held in treasury by the Partnership. The Series A Preferred Units, Series B Preferred Units and Incentive Distribution Units do not vote in the election of directors of our general partner.

(b) Includes entities controlled by Cary Brown, our Chairman, President and Chief Executive Officer, Dale Brown, a Director, Paul T. Horne, our Executive Vice President and Chief Operating Officer, and Kyle McGraw, our Executive Vice President, Chief Development Officer and a Director as well as certain members of Mr. McGraw's family.

(c) WPX Energy Rocky Mountain, LLC, a wholly owned subsidiary of WPX Energy, Inc., also owns 200,000 unvested Incentive Distribution Rights.

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RISK FACTORS

An investment in our units involves risk. You should carefully read the risk factors included under the caption "Risk Factors" beginning on page 3 of the accompanying prospectus and the risk factors included in Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2013 and our Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2014 and June 30, 2014, together with all of the other information included or incorporated by reference in this prospectus supplement. If any of these risks were to occur, our business, financial condition, results of operations or prospects could be materially adversely affected. In any such case, the trading price of our units could decline, and you could lose all or part of your investment. Also, please read "Forward-Looking Statements" in this prospectus supplement and "Cautionary Statement Regarding Forward-Looking Information" in the accompanying prospectus.

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USE OF PROCEEDS

We expect to receive net proceeds of approximately $264.0 million from the sale of 10,000,000 units offered by this prospectus supplement, after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We plan to use the net proceeds from this offering, including any net proceeds from the underwriters' exercise of their option to purchase additional units, for general partnership purposes, including funding future acquisitions or repaying a portion of the borrowings outstanding under our revolving credit facility. Amounts repaid under our revolving credit facility may be reborrowed, subject to the terms of the facility.

As of October 1, 2014, approximately $370 million of borrowings were outstanding under our revolving credit facility. As of October 1, 2014, interest on borrowings under our revolving credit facility had a weighted average effective interest rate of approximately 1.91%. Our revolving credit facility matures on April 1, 2019. The outstanding borrowings under our revolving credit facility were incurred primarily to finance acquisitions and for other general partnership purposes.

The underwriters may, from time to time, engage in transactions with and perform services for us and our affiliates in the ordinary course of their business. Affiliates of UBS Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, RBC Capital Markets, LLC, Wells Fargo Securities, LLC, Barclays Capital Inc., Citigroup Global Markets Inc. and J.P. Morgan Securities LLC are lenders under our revolving credit facility and may receive a portion of the proceeds from this offering through repayment of indebtedness under our revolving credit facility. Please read "Underwriting Certain Relationships."

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CAPITALIZATION

The following table shows our capitalization and cash position as of June 30, 3014 on:

a historical basis; and

on a pro forma as adjusted basis to reflect the consummation of this offering and the application of the net proceeds therefrom as described in "Use of Proceeds."

You should read this information in conjunction with "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Item 1. Financial Statements" contained in our Quarterly Report on Form 10-Q for the six months ended June 30, 2014, which we incorporate by reference into this prospectus supplement.

	June 30, 2014	
	Actual	Pro forma, as adjusted
	(in thousands)	
Cash and cash equivalents	$ 10,139	$ 10,141
Long-term debt:		
Revolving credit facility due 2019(a)	325,000	61,000
8% Senior Notes due 2020(b)	300,000	300,000
6.625% Senior Notes due 2021(c)	550,000	550,000
Total long-term debt	1,175,000	911,000
Partners' equity:		
Unitholders' equity	425,800	689,802
Series A Preferred equity	55,192	55,192
Series B Preferred equity	169,102	169,102
Incentive Distribution equity	30,814	30,814
General partners' equity	72	72
Total partners' equity	$ 680,980	$ 944,982
Total capitalization	$ 1,855,980	$ 1,855,982

(a)

As of October 1, 2014, approximately $370 million of borrowings were outstanding under our revolving credit facility.

(b)

The amount herein is the principal amount of our 8% Senior Notes due 2020 outstanding which does not reflect the unamortized original issue discount on those notes of $10.3 million as of June 30, 2014 that is reflected in the Partnership's consolidated financial statements.

(c)

The amount herein is the principal amount of the 6.625% Senior Notes due 2021 outstanding which does not reflect the unamortized original issue discount on those notes of $11.0 million as of June 30, 2014 that is reflected in the Partnership's consolidated financial statements.

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PRICE RANGE OF UNITS AND DISTRIBUTIONS

Our units are listed on the NASDAQ Global Select Market under the symbol "LGCY". The last reported sales price of the units on October 2, 2014 was $28.45. As of October 1, 2014, we had issued and outstanding 57,666,434 units, which were held by approximately 119 holders of record, including units held by our founding investors. The following table presents the high and low sales prices for our units during the periods indicated (as reported on the NASDAQ Global Select Market) and the amount of the quarterly cash distributions we paid on each of our units with respect to such periods:

	Price Ranges		Cash Distribution per Unit
	High	Low	
2014			
Fourth Quarter (through October 2, 2014)	$ 29.71	$ 28.40	$ (a)
Third Quarter	$ 32.61	$ 26.60	$ (b)