LEGACY RESERVES LP
Form DEF 14A
March 31, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES EXCHANGE ACT OF 1934 (Amendment No.)

Filed by the Registrant þ

Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement
o Confidential, for use of the Commission only (as permitted by Rule 14a-6(e)(2))
þ Definitive Proxy Statement
o Definitive Additional Materials
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Legacy Reserves LP
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

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(3) Filing Party:

(4) Date Filed:

303 W. Wall, Suite 1800
Midland, Texas 79701

April 4, 2014

To Our Limited Partners:

You are cordially invited to attend the 2014 Annual Meeting of Unitholders of Legacy Reserves LP to be held on May 15, 2014 commencing at 10:30 a.m. local time at the Midland Petroleum Club located at 501 W. Wall, Midland, Texas 79701. Proxy materials, which include a Notice of the Meeting, proxy statement and proxy card, are enclosed with this letter. The attached proxy statement is first being mailed to unitholders of Legacy Reserves LP on or about April 4, 2014. We have also enclosed our 2013 Annual Report on Form 10-K for the fiscal year ended December 31, 2013.

The board of directors of our general partner has called this Annual Meeting for you to consider and act upon:

(1) The election of seven directors nominated to our general partner s board of directors to serve until the next Annual Meeting of Unitholders;

(2) An advisory vote on executive compensation; and

(3) The ratification of the appointment of our selection of BDO USA, LLP as independent registered public accounting firm of the Partnership for the fiscal year ending December 31, 2014.

The current board of directors of our general partner unanimously recommends that you approve the election of the directors nominated to our general partner s board of directors, approve the compensation of our named executive officers and ratify the appointment of BDO USA, LLP as our independent registered public accounting firm.

Your vote is important to us and our business. Even if you plan to attend the meeting, you are requested to sign, date and return the proxy card in the enclosed envelope or vote on the internet or by telephone as instructed. If you attend the meeting after having returned the enclosed proxy card (or voted by internet or telephone), you may revoke your proxy, if you wish, and vote in person. A proxy may also be revoked at any time before it is exercised by giving written notice to, or filing a duly exercised proxy bearing a later date with, our Secretary. If you would like to attend and your units are not registered in your own name, please ask the broker, trust, bank or other nominee that holds the units to provide you with evidence of your unit ownership.

We look forward to seeing you at the meeting.

Sincerely,

Cary D. Brown
Chairman of the Board, President and Chief Executive Officer
Legacy Reserves GP, LLC, general partner of
Legacy Reserves LP

303 W. Wall, Suite 1800
Midland, Texas 79701

NOTICE OF THE 2014 ANNUAL MEETING OF UNITHOLDERS

The Annual Meeting of the Unitholders of Legacy Reserves LP, or the Partnership, will be held on Thursday, May 15, 2014, at 10:30 a.m. local time at the Midland Petroleum Club located at 501 W. Wall, Midland, Texas 79701 for the following purposes:

1. To elect seven (7) directors to the board of directors of our general partner, each to serve until the next Annual Meeting of Unitholders;
2. An advisory vote on executive compensation;
3. To ratify the appointment of BDO USA, LLP as independent registered public accountants of the Partnership for the fiscal year ending December 31, 2014; and
4. To transact any other business as may properly come before the Annual Meeting or any adjournment thereof, including, without limitation, the adjournment of the annual meeting in order to solicit additional votes from unitholders in favor of adopting the foregoing proposals.

Only unitholders of record at the close of business on March 27, 2014, are entitled to notice of and to vote at the Annual Meeting and at any adjournment or postponement thereof. A list of such unitholders will be open to examination, during regular business hours, by any unitholder for at least ten days prior to the Annual Meeting, at our offices at 303 W. Wall, Suite 1800, Midland, Texas 79701. Unitholders holding a majority of the outstanding units representing limited partner interests are required to be present or represented by proxy at the meeting to constitute a quorum.

YOUR VOTE IS IMPORTANT

Your broker cannot vote your units on your behalf until it receives your voting instructions. For your convenience, internet and telephone voting are available. The instructions for voting by internet or telephone are set forth on your proxy card. If you prefer, you may vote by mail by completing your proxy card and returning it in the enclosed postage-paid envelope. If you do attend the meeting and prefer to vote in person, you may do so.

Please note that space limitations make it necessary to limit attendance at the meeting to unitholders, though each unitholder may be accompanied by one guest. Admission to the meeting will be on a first-come, first-served basis. Registration will begin at 9:30 a.m. Each unitholder may be asked to present valid picture identification, such as a driver s license or passport. Unitholders holding units in brokerage accounts must bring a copy of a brokerage statement reflecting unit ownership as of the record date. Cameras, recording devices and other electronic devices will not be permitted at the meeting.

By Order of the Board of Directors,
Cary D. Brown
Chairman of the Board, President and Chief Executive Officer
Legacy Reserves GP, LLC, general partner of
Legacy Reserves LP

Midland, Texas
April 4, 2014

Proxy Statement for the
Annual Meeting of Unitholders of
LEGACY RESERVES LP

To Be Held on Thursday, May 15, 2014

TABLE OF CONTENTS

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING	1
The Annual Meeting	1
Voting and Proxy Procedures	2
Quorum and Required Votes	3
Additional Questions and Information	4
PROPOSAL 1 ELECTION OF DIRECTORS	5
Board of Directors	5
Voting	5
Recommendation and Proxies	5
Nominees for Election	5
PROPOSAL 2 ADVISORY (NON-BINDING) VOTE ON EXECUTIVE COMPENSATION	13
CORPORATE GOVERNANCE	14
Management of Legacy Reserves LP	14
Board of Directors	14
Director Independence	14
Leadership Structure of the Board	14
Risk Oversight	15
Code of Ethics	19
COMPENSATION DISCUSSION AND ANALYSIS	20
Introduction	20
Executive Summary	20
Corporate Governance	24
Executive Officer Compensation Strategy and Philosophy	26
Components of Compensation	26
Amended and Restated Legacy Reserves LP Long-Term Incentive Plan (LTIP)	39
COMPENSATION COMMITTEE REPORT	42
EXECUTIVE COMPENSATION	43
Summary Compensation Table	43
Grants of Plan-Based Awards for Fiscal Year 2013	45
Outstanding Equity Awards at 2013 Fiscal Year-End	45
Employment Agreements	46
Option Exercises and Units Vested in 2013	51
Equity Compensation Plan Information	52
DIRECTOR COMPENSATION	53
Director Compensation for the 2013 Fiscal Year	53
MANAGEMENT	54

Executive Officers	54
SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT	56
CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	57
Distributions and Payments to Our General Partner and Its Affiliates	57
Transactions with Related Persons	58
COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION	59
PROPOSAL 3 RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	60
Vote Required for Approval	61
AUDIT COMMITTEE REPORT FOR FISCAL YEAR 2013	62
OTHER MATTERS	63
Section 16(a) Beneficial Ownership Reporting Compliance	63
Unitholder Proposals	63
Communications with Directors or the Board of Directors	63
Availability of Annual Report	63

Legacy Reserves LP
303 W. Wall, Suite 1800
Midland, Texas 79701

PROXY STATEMENT
FOR THE 2014 ANNUAL MEETING OF UNITHOLDERS
TO BE HELD ON MAY 15, 2014

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING

The Annual Meeting

Definitions:

Unless otherwise indicated, the terms Partnership, Legacy , we, our, and us are used in this proxy statement to refer to Legacy Reserves LP together with our subsidiaries. The terms Board and Board of Directors refer to our general partner s board of directors.

What is a proxy statement and why is it important?

We hold a meeting of unitholders annually. This year s meeting will be held on May 15, 2014. Our Board of Directors is seeking your proxy to vote at the 2014 Annual Meeting of Unitholders (Annual Meeting). This proxy statement contains important information about the Partnership and each of the matters to be voted on at the meeting. We are mailing this proxy statement to unitholders on or about April 4, 2014. Please read these materials carefully so that you have the information you need to make informed decisions.

You do not need to attend the Annual Meeting to vote. Instead, you may simply complete, sign and return the enclosed proxy card or vote on the internet or by telephone as provided on your proxy card.

When and where is the Annual Meeting?

The 2014 Annual Meeting of Unitholders of Legacy Reserves LP will be held on Thursday, May 15, 2014, at 10:30 a.m., local time, at the Midland Petroleum Club located at 501 W. Wall, Midland, Texas 79701.

The Petroleum Club of Midland is located on the southwest corner of Wall Street and Marienfeld in downtown Midland. From the Midland International Airport, exit the airport on the south side and cross over and merge onto Business 20 East, which turns into Wall Street. The Petroleum Club is 10 miles east of the airport and is a white, two story building. There is parking behind the building. For your convenience, the Petroleum Club phone number is (432) 682-2557.

What am I being asked to vote upon?

You are being asked to (1) approve the election of the directors nominated to our Board of Directors to serve until the next Annual Meeting of Unitholders; (2) approve, by a non-binding advisory vote, executive compensation; (3) ratify the appointment of the firm of BDO USA, LLP as independent registered public accountants of the Partnership for the fiscal year ending December 31, 2014; and (4) consider and vote upon such other business as may properly come before the Annual Meeting or any adjournments or postponements thereof.

Voting and Proxy Procedures

Who may vote at the Annual Meeting?

Only unitholders of record at the close of business on March 27, 2014, the record date for the Annual Meeting, are entitled to receive notice of and to participate in the Annual Meeting. If you were a unitholder of record on that date, you will be entitled to vote all of the units representing limited partner interests of Legacy Reserves LP, each referred to as a unit, that you held on that date at the Annual Meeting, or any postponements or adjournments of the Annual Meeting.

It is critical that you instruct your broker how you wish to vote your units on Proposal 1. Absent instructions from you, the bank or broker may not vote your units on this proposal and your units will be considered broker non-votes, which will have no effect on the outcome of the proposal for consideration at the annual meeting.

What are the voting rights of the holders of units?

Each unit is entitled to one vote on all matters. Your proxy card indicates the number of units that you owned as of the record date.

Who is soliciting my proxy?

Our Board of Directors on behalf of the Partnership is soliciting proxies to be voted at the Annual Meeting.

What different methods can I use to vote?

By Written Proxy. Regardless of whether you plan to attend the Annual Meeting, we urge you to complete, sign and date the enclosed proxy card and return it promptly in the envelope provided. Returning the proxy card will not affect your right to attend the Annual Meeting and vote in person.

By Internet. Go to the website set forth on the proxy card and follow the on-screen instructions. You will need the control number contained on your proxy card. Voting by internet is the fastest and lowest cost medium of voting your proxy.

By Telephone. Please dial the toll-free telephone number set forth on the proxy card and follow the audio instructions. You will need the control number contained on your proxy card.

If you properly follow the instructions above in time to vote, your proxy (Micah C. Foster or James Daniel Westcott are the individuals named as proxies on your proxy card) will vote your units as you have directed. Unless otherwise directed by you, your proxy will vote your units:

- **For** the election of the seven (7) director nominees proposed by our Board of Directors;
- **For** the approval of the compensation of the named executive officers; and
- **For** the ratification of the appointment of BDO USA, LLP as our independent registered accounting firm.

If any other matter is presented, it is the intention of the persons named in the enclosed proxy card to vote proxies held by them in accordance with their best judgment. At the time this proxy statement was first mailed to unitholders, we knew of no matters that needed to be acted on at the Annual Meeting other than those discussed in this proxy statement.

In Person. All unitholders of record may vote in person at the Annual Meeting. If you plan to attend the Annual Meeting and vote in person, we will give you a ballot when you arrive. However, if your units are held in the name of your broker, bank or other nominee, you must bring an account statement or letter from the nominee indicating that you were the beneficial owner of the units on the record date.

How may I revoke my signed proxy card?

You may revoke your proxy card or change your vote at any time before your proxy is voted at the Annual Meeting. You can do this in one of three ways:

- You can send a written notice in advance of the meeting to our Secretary at 303 W. Wall, Suite 1800, Midland, Texas 79701, stating that you would like to revoke your proxy;
- You can complete and submit a later-dated proxy card; or
- You can attend the Annual Meeting and vote in person. Your attendance at the Annual Meeting will not alone revoke your proxy unless you vote at the meeting as described below.

If you have instructed a broker to vote your units, you must follow directions received from your broker to change those instructions.

You may change your internet vote as often as you wish by following the procedures for internet voting. The last known vote in the internet voting system as of 11:59 p.m., Eastern Time, on May 14, 2014 will be counted.

You may change your telephone vote as often as you wish by following the procedures for telephone voting. The last known vote in the telephone voting system as of 11:59 p.m., Eastern Time, on May 14, 2014 will be counted.

What does it mean if I get more than one proxy card?

It indicates that your units are held in more than one account, such as two brokerage accounts registered in different names. You should complete each of the proxy cards to ensure that all of your units are voted. We encourage you to register all of your brokerage accounts in the same name and address for better service. You should contact your broker, bank or nominee for more information. Additionally, our transfer agent, Computershare Trust Company, N.A., can assist you if you want to consolidate multiple accounts registered in your name by contacting our transfer agent at P.O. Box 30170, College Station, TX 77842-3170, Telephone: (781) 575-4238.

Quorum and Required Votes

How many votes are needed to hold the meeting?

A majority of the outstanding units as of the record date must be represented at the meeting in order to hold the meeting and conduct business. This is called a quorum. As of March 27, 2014, the record date, there were 57,567,126 units outstanding held by approximately 108 holders of record. Unitholders are entitled to one vote, exercisable in person or by proxy, for each unit held by such Unitholder on the record date. Our partnership agreement does not provide for cumulative voting.

Units are counted as present at the Annual Meeting if:

- the unitholder is present and votes in person at the meeting;
- the unitholder has properly submitted a proxy card; or
- under certain circumstances, the unitholder s broker votes the units.

Who will count the vote?

Representatives of Computershare Trust Company, N.A., our transfer agent, will tabulate the votes.

How many votes are required to approve the proposals?

The affirmative vote of holders of a plurality of the votes cast with respect to the election of a director is required to elect that director. Abstentions and broker non-votes will not be taken into account in determining the outcome of the election of directors (Proposal 1).

The affirmative vote of holders of a majority of the units entitled to vote and present in person or by proxy at the meeting is required for approval of the non-binding resolution on executive compensation (Proposal 2) and for the ratification of our appointment of the independent registered public accounting firm for the fiscal year ending December 31, 2014 (Proposal 3) and any other matters that properly come before the meeting.

How are abstentions and broker non-votes counted?

Abstentions and broker non-votes are included in determining whether a quorum is present.

Abstentions and broker non-votes will not be taken into account in determining the outcome of the election of directors.

For the purpose of determining whether a proposal other than the election of directors has received a majority vote, abstentions are included in the vote totals with the result that an abstention will have the same effect as a vote against such proposal. Brokers do not have discretionary authority to vote on the advisory vote on executive compensation; consequently, broker non-votes will have the same effect as a vote against such proposal.

With respect to the ratification of the appointment of our auditors, brokers have the discretionary authority to vote on this proposal.

How are proxies solicited?

Proxies may be solicited by mail, telephone or other means by our general partner s officers and directors and our employees. No additional compensation will be paid to these individuals in connection with proxy solicitations. We will pay for distributing and soliciting proxies and will reimburse banks, brokers and other custodians their reasonable fees and expenses for forwarding proxy materials to unitholders.

Additional Questions and Information

If you would like additional copies of this proxy statement (which copies will be provided to you without charge) or if you have questions, including with respect to the procedures for voting your units, you should contact:

Legacy Reserves LP
303 W. Wall, Suite 1800
Midland, Texas 79701
Attention: Dan G. LeRoy
Vice President, General Counsel and Secretary

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF UNITHOLDERS TO BE HELD ON MAY 15, 2014.

The Notice of the 2014 Annual Meeting of Unitholders and Proxy Statement are available at *http://ir.legacylp.com/proxy.cfm* and our Annual Report on Form 10-K for the year ended December 31, 2013 is available at *http://ir.legacylp.com/annuals.cfm*.

PROPOSAL 1

ELECTION OF DIRECTORS

Board of Directors

The Amended and Restated Limited Liability Company Agreement of our general partner provides that our Board of Directors will consist of a number of directors as determined from time to time by resolution adopted by a majority of directors then in office, but shall not be less than seven nor more than nine. Currently, our Board of Directors has seven directors. Each of the nominees for election to the Board of Directors is currently a director of Legacy Reserves GP, LLC. If elected at the annual meeting, each of the nominees will be elected to hold office for a one-year term and thereafter until his successor has been elected and qualified, or until his earlier death, resignation or removal.

Voting

Directors are elected by a plurality of the votes present in person or represented by proxy and entitled to vote at the annual meeting. Units represented by executed proxies will be voted, if authority to do so is not withheld, for the election of the nominees named below. In the event that any nominee should be unavailable for election as a result of an unexpected occurrence, such units will be voted for the election of such substitute nominee as may be nominated by our Board of Directors. Each person nominated for election has agreed to serve if elected, and we have no reason to believe that any nominee will be unable to serve.

Recommendation and Proxies

The Board of Directors recommends a vote FOR each of the nominees named below.

The persons named as proxies in the enclosed proxy card will vote all units over which they have discretionary authority FOR the election of the nominees named below. Although our Board of Directors does not anticipate that any of the nominees will be unable to serve, if such a situation should arise prior to the meeting, the appointed persons will use their discretionary authority pursuant to the proxy and vote in accordance with their best judgment.

Set forth below is biographical information regarding each director nominee and information regarding the specific experience, qualifications, attributes and skills that qualify the nominees to serve on the Board of Directors. Each of the director nominees is an existing director standing for re-election for a one-year term expiring at the 2015 Annual Meeting.

Nominees for Election

Name	Principal Occupation	Age	Director Since
Cary D. Brown	Mr. Brown is Chairman of our Board of Directors and President and Chief Executive Officer of our general partner and has served as Chairman and Chief Executive Officer since our founding in October 2005. Mr. Brown was appointed President effective March 16, 2012. Prior to October 2005, Mr. Brown co-founded two businesses, Moriah Resources, Inc. and Petroleum Strategies, Inc. Moriah Resources, Inc. was formed in 1992 to acquire oil and natural gas reserves. Petroleum Strategies, Inc. was formed in 1991 to serve as a qualified intermediary in connection with the execution of Section 1031 transactions for major oil companies, public independents and private oil and natural gas companies. Mr. Brown has served as Executive Vice President of Petroleum	47	October 2005

Name	Principal Occupation	Age	Director Since
	Strategies, Inc. since its inception in 1991. Mr. Brown served as an auditor for Grant Thornton in Midland, Texas from January 1991 to June 1991 and for Touche Ross in Houston, Texas from June 1989 to December 1990. Mr. Brown has a Bachelor of Business Administration degree, with honors, from Abilene Christian University. The Board of Directors determined that Mr. Brown should be nominated to our Board of Directors due to his pertinent experience, qualifications, attributes and skills, which include: the knowledge and experience attained through 24 years of experience in the oil and natural gas industry and 22 years of experience in the Permian Basin.		

Name	Principal Occupation	Age	Director Since
Kyle A. McGraw	Mr. McGraw is a member of the Board of Directors and also serves as the Executive Vice President and Chief Development Officer of our general partner. Mr. McGraw was appointed as Executive Vice President and Chief Development Officer effective March 16, 2012, and has served as a director since our founding in October 2005. Previously, Mr. McGraw served as Executive Vice President of Business Development and Land of our general partner from our founding in October 2005 to March 2012. Mr. McGraw joined Brothers Production Company in 1983, and has served as its General Manager since 1991 and became President in 2003. During his 23-year tenure at Brothers Production Company, Mr. McGraw served in numerous capacities including reservoir and production engineering, acquisition evaluation and land management. Mr. McGraw has a Bachelor of Science degree in Petroleum Engineering from Texas Tech University. Mr. McGraw has 31 years of experience in the oil and natural gas industry in the Permian Basin. The Board of Directors determined that Mr. McGraw should be nominated to our Board of Directors due to his pertinent experience, qualifications, attributes and skills, which include: the knowledge and experience attained through 31 years of experience in the oil and natural gas industry in the Permian Basin, experience as a petroleum engineer and managerial and executive experience attained through his service with Brothers Production Company where he has served in numerous capacities, including reservoir and production engineering, acquisition evaluation and land management.	54	October 2005

Name	Principal Occupation	Age	Director Since
Dale A. Brown	Mr. Brown is a member of our Board of Directors and has served in such capacity since our founding in October 2005. Mr. Brown has been President of Moriah Resources, Inc. since its inception in 1992 and President of Petroleum Strategies, Inc. since he co-founded it in 1991 with his son, Cary D. Brown. Since 2005, Mr. Brown has been a principal in the Moriah Group, including Managing General Partner of Moriah Investment Partners. The Moriah Group invests in real estate and non-oil and gas production business ventures. Mr. Brown is a retired certified public accountant. Mr. Brown has a Bachelor of Science degree in Accounting from Pepperdine University. The Board of Directors determined that Mr. Brown should be nominated to our Board of Directors due to his pertinent experience, qualifications, attributes and skills, which include: financial literacy and experience as a Certified Public Accountant (retired at age 65) since 1967; the knowledge and experience attained through his service in the petroleum industry since 1972 and managerial experience attained through his service with Moriah Resources, Inc. prior to the contribution of its assets as part of the formation transactions of Legacy in connection with its private equity offering in 2006.	71	October 2005

Name	Principal Occupation	Age	Director Since
G. Larry Lawrence	Mr. Lawrence has been a member of our Board of Directors since May 1, 2006. Mr. Lawrence is Chief Financial Officer and Vice President - Finance of Natural Gas Services Group (NGSG), a public company that provides small to medium horsepower compression equipment to the natural gas industry, and has served in this position since July 2011. Previously, Mr. Lawrence served as Controller of NGSG from September 2010 to January 2011 before being promoted to Treasurer, Manager of Accounting and Principal Accounting Officer of NGSG in January 2011. From June 2006 to September 2010, Mr. Lawrence was self-employed as a management consultant doing business as Crescent Consulting. From September 2006 to August 2009, Mr. Lawrence served as Chief Financial Officer on a contract basis for Lynx Operating Company, a private company engaged in oil and gas operations with a primary business focus on gas processing. From May 2004 through April 2006, Mr. Lawrence served as Controller of Pure Resources, an exploration and production company and a wholly owned subsidiary of Unocal Corporation which was acquired by Chevron Corporation. From June 2000 through May 2004, Mr. Lawrence was a practice manager of the Parson Group, LLC, a financial management consulting firm whose services included Sarbanes Oxley engagements with oil and natural gas industry clients. From 1973 through May 2000, Mr. Lawrence was employed by Atlantic Richfield Company, a public oil and gas company (ARCO) where he most recently (from 1993 through 2000) served as Controller of ARCO Permian. Mr. Lawrence has a Bachelor of Arts degree in Accounting, with honors, from Dillard University. The Board of Directors determined that Mr. Lawrence should be nominated to our Board of Directors due to his pertinent experience, qualifications, attributes and skills, which include: financial expertise and experience as a chief financial officer and controller, Sarbanes Oxley consulting expertise, and financial reporting expertise and the knowledge and experience attained through his years of service in the preparation of publicly audited financial statements.	62	May 2006

Name	Principal Occupation	Age	Director Since
William D. (Bill) Sullivan	Mr. Sullivan was appointed to our Board of Directors upon completion of our private equity offering on March 15, 2006. Since May 2004, Mr. Sullivan has served as a director and since May 2009 as a non-executive Chairman of the board of directors of SM Energy Company, a publicly traded exploration and production company (formerly known as St. Mary Land & Exploration Company). Mr. Sullivan has served as director of Targa Resources GP LLC (the general partner of Targa Resources Partners LP) since February 14, 2007. Targa is principally in the gas and gas liquids gathering, processing and logistics services business. Mr. Sullivan has served as a director of TETRA Technologies, Inc. since August 2007. TETRA is principally in the oilfield services business. Mr. Sullivan has served as a director of Compressco Partners GP Inc., the general partner of Compressco Partners, L.P., since Compressco Partners completed its initial public offering in June 2011. Compressco Partners is a provider of wellhead compression-based production enhancement services and is a majority owned subsidiary of TETRA. From 1981 through August 2003, Mr. Sullivan was employed in various capacities by Anadarko Petroleum Corporation, most recently as Executive Vice President, Exploration and Production. Mr. Sullivan has been retired for the past seven years. Mr. Sullivan has a Bachelor of Science degree in Mechanical Engineering, with high honors, from Texas A&M University. The Board of Directors determined that Mr. Sullivan should be nominated to our Board of Directors due to his significant management experience in midstream oil and natural gas operations and in the exploration and production of oil and natural gas. Mr. Sullivan also has substantial experience in executive compensation matters and in serving on the boards of publicly held corporations and publicly traded limited partnerships operating in the oil and natural gas industry.	57	March 2006

Name	Principal Occupation	Age	Director Since
William R. Granberry	Mr. Granberry was appointed to our Board of Directors on January 23, 2008. Mr. Granberry has been a member of the board of directors of The Williams Companies, Inc. (an integrated gas company with exploration and production, midstream, and gas pipeline operations) from November 2005 to December 2011. In January 2012, Mr. Granberry began serving an initial three-year term as a member of the board of directors of WPX Energy, Inc., which was spun off (the exploration and production operations) from The Williams Companies Inc. Mr. Granberry was a member of Compass Operating Company, LLC, a small, private oil and gas exploration, development and producing company with properties in West Texas and Southeast New Mexico from October 2004 through December 2013. From 1999 through September 2004, Mr. Granberry managed investments and consulted with oil and gas companies. Mr. Granberry invested in and became a board member of Just4Biz.com, a start-up internet company engaged in online office supply, in 1999 and served as Interim CEO for brief periods in 2000 and 2001. Just4Biz.com filed for bankruptcy in May 2001. From January 1996 to May 1999, Mr. Granberry was President and Chief Operating Officer of Tom Brown, Inc., a public oil and gas company with exploration, development, acquisition and production activities throughout the central United States. Mr. Granberry earned Bachelor of Science and Master of Science degrees in Petroleum Engineering from the University of Texas and upon graduation, worked for Amoco Production Company for 16 years. The Board of Directors determined that Mr. Granberry should be nominated to our Board of Directors due to his pertinent experience, qualifications, attributes and skills, which include: expertise in the oil and gas industry that was attained through his 48 years of service in engineering and service in executive positions with companies ranging from a large global energy company to small independents.	71	January 2008

Name	Principal Occupation	Age	Director Since
Kyle D. Vann	Mr. Vann was appointed to the Board of Directors upon completion of our private equity offering on March 15, 2006. From 1970 through 1979, Mr. Vann was employed in the refining division of Exxon Company USA, and from 1979 through January 2001, Mr. Vann was employed by Koch Industries. From February 2001 through December 2004, Mr. Vann served as Chief Executive Officer of Entergy Koch, LP, an energy trading and transportation company. Mr. Vann continues to serve Entergy as a consultant and serves on the board and consults with Texon, LP, a private petroleum transportation company. On May 8, 2006, Mr. Vann was appointed to the board of directors of Crosstex Energy, L.P., a publicly traded midstream master limited partnership. From January 2009 through June 2010, Mr. Vann served as an advisory board member for Enexus, LLC, which is a subsidiary of Entergy Corporation. In October 2012, Mr. Vann joined CCMP Capital Advisors, LLC, a private equity firm, as an Executive Advisor. In November 2012, Mr. Vann joined the board of Chaparral Energy, Inc., a privately held company that is partially owned by CCMP Capital Advisors, LLC. Mr. Vann has a Bachelor of Science degree in Chemical Engineering, with honors, from the University of Kansas. Mr. Vann serves on the Board of Advisors for the School of Engineering at the University of Kansas, which selected him to receive its Distinguished Engineering Service Award in 2012. The Board of Directors determined that Mr. Vann should be nominated to our Board of Directors due to his pertinent experience, qualifications, attributes and skills, which include: the knowledge and experience attained through 43 years of service in the commodity trading business and his background and expertise in risk assessment and leadership in the energy sector.	66	March 2006

PROPOSAL 2

ADVISORY (NON-BINDING) VOTE ON EXECUTIVE COMPENSATION

In accordance with the requirements of Section 14A of the Securities Exchange Act of 1934, as amended (Exchange Act), and the related rules of the U.S. Securities and Exchange Commission (the SEC), we are including in these proxy materials a non-binding resolution seeking unitholder approval of the compensation of our named executive officers as described in this proxy statement.

Our executive officer compensation strategy is designed to align the compensation of the executive officers with unitholder return. We provide financial incentives to our executive officers for performance, achievement of goals and enhancement of unitholder value. Our compensation philosophy is to drive and support the long-term goal of sustainable growth in unit distributions and total unitholder return by paying for performance and not rewarding underperformance. In meeting the goal of sustainable growth, we intend to invest in our long-term opportunities while meeting our short-term commitments.

As all our executive officers hold units in the Partnership, we focus on the growth of our business and distributions. Through this approach, our executives receive salaries and incentive pay opportunities consistent with the market value of their services, and their performance is further rewarded through the distributions they receive on their holdings of our units, which creates alignment of interests with our unitholders.

The text of the advisory (non-binding) resolution with respect to this Proposal 2 is as follows:

RESOLVED, that the unitholders of Legacy Reserves LP approve, on an advisory basis, the compensation of the individuals identified in the Summary Compensation Table, as disclosed in the Legacy Reserves LP proxy statement with respect to Legacy Reserves LP s 2014 Annual Meeting pursuant to the compensation disclosure rules of the Securities and Exchange Commission, including the compensation discussion and analysis, the compensation tables and any related material disclosed in this proxy statement.

In considering their vote, unitholders may wish to review with care the information on the Partnership s compensation policies and decisions regarding executive compensation as presented in the Compensation Discussion and Analysis on pages 20 to 42 in this proxy statement and the compensation tables and related narrative disclosure on pages 43 to 52 in this proxy statement.

Although the unitholder vote on this advisory resolution is non-binding, the Compensation Committee and the Board of Directors value unitholder opinions and will consider the outcome of the vote when making future decisions regarding our executive compensation program.

**THE BOARD RECOMMENDS THAT YOU VOTE FOR
THE APPROVAL OF THE ADVISORY (NON-BINDING) RESOLUTION ON
EXECUTIVE COMPENSATION.**

CORPORATE GOVERNANCE

Management of Legacy Reserves LP

The directors and officers of Legacy Reserves GP, LLC, as our general partner, manage our operations and activities. Our general partner is not elected by our unitholders and will not be subject to re-election on a regular basis in the future. Other than through their ability to elect directors of our general partner as described below, unitholders will not be entitled to directly or indirectly participate in our management or operation.

Our general partner owes a fiduciary duty to our unitholders. Our general partner will be liable, as general partner, for all of our debts (to the extent not paid from our assets), except for indebtedness or other obligations that are made specifically nonrecourse to it. Our general partner therefore may cause us to incur indebtedness or other obligations that are nonrecourse to it.

The limited liability company agreement of our general partner provides for a board of directors of not less than seven and not more than nine members.

Our unitholders, including affiliates of our general partner, are entitled to elect all of the directors of our general partner annually. Directors of our general partner hold office until the earlier of their death, resignation, removal or disqualification or until their successors have been elected and qualified.

Board of Directors

During the fiscal year ended December 31, 2013, our Board of Directors held ten meetings. It is the policy of our Board of Directors to encourage directors to attend each meeting of unitholders. All of our seven directors attended the Annual Meeting held in 2013.

Director Independence

The Board of Directors includes four individuals who meet the independence and experience standards established by the NASDAQ Global Select Market, or NASDAQ, and the Exchange Act: Messrs. Granberry, Lawrence, Sullivan and Vann.

The Board annually reviews all relevant business relationships any director may have with Legacy and the independence standards established by the NASDAQ. Although not required under NASDAQ listing standards, we currently have a majority of independent directors on our Board of Directors.

The audit committee met five times, the compensation committee met three times, and the nominating, governance and conflicts committee met three times during 2013.

Leadership Structure of the Board

As prescribed by the Amended and Restated Limited Liability Company Agreement of our general partner, the Chairman of the Board of Directors has the power to preside at all meetings of the Board. Mr. C. Brown serves as Chairman of our Board and as our Chief Executive Officer. The Board believes that the combination of the Chairman and Chief Executive Officer roles is appropriate in the current circumstances; however, such approach is not established as a policy and the nominating, governance and conflicts committee will re-evaluate this approach periodically.

The nominating, governance and conflicts committee believes that Mr. C. Brown s history as one of the Partnership s founders and his strategic experience make him the appropriate leader of the Board. The committee has discussed and considered the appointment of an independent lead director and determined not to appoint one. It is the nominating, governance and conflicts committee s view that Mr. C. Brown in his dual capacity as Chairman of the Board and Chief Executive Officer will serve as an effective communication link between the Board and management and there is no need for an independent lead director at this time. The nominating, governance and conflicts committee will re-evaluate its view on the Board s leadership structure periodically.

Risk Oversight

While it is the job of management to assess and manage our risk, the Board and its audit committee (each where applicable) discuss the guidelines and policies that govern the process by which risk assessment and management is undertaken and evaluate reports from various functions with the management team on risk assessment and management. The Board interfaces regularly with management and receives periodic reports that include updates on operational, financial, legal and risk management matters. The audit committee assists the Board in oversight of the integrity of our financial statements and our compliance with legal and regulatory requirements, including those related to the health, safety and environmental performance of Legacy. The audit committee also reviews and assesses the performance of our internal audit function and our independent auditors. The Board receives regular reports from the audit committee. We do not believe that the Board s role in risk oversight has an effect on the Board s leadership structure.

Evaluation of Compensation Risk

Our compensation committee has reviewed our employee compensation programs and overall compensation structure and internal controls. There are several design features of our compensation policy that reduce the likelihood of excessive risk-taking:

- Annual cash incentive opportunities are contingent upon several carefully designed objective operational and financial measures (50% at target levels), as well as the compensation committee s discretion as to whether and in what amount to award additional cash incentive compensation (also 50% at target levels);
- Our compensation policy is designed to provide a balanced mix of cash and equity and short- and long-term incentives;
- The potential payouts pursuant to our annual cash incentives are subject to reasonable maximum limits; and
- Internal controls are in place to assure that payments and awards are consistent with actions approved by the compensation committee.

Taking into consideration the factors above, the compensation committee does not believe that there is a reasonable likelihood that Legacy s compensation policy could have a material adverse effect on Legacy.

Audit Committee

Membership

The audit committee has been established in accordance with Rule 10A-3 promulgated under the Exchange Act. The Board of Directors has appointed Messrs. Lawrence, Sullivan, and Granberry as members of the audit committee. Mr. Lawrence serves as the chairman of the committee. Each of the members of the audit committee has been determined by the Board of Directors to be independent under NASDAQ s standards for audit committee members to serve on its audit committee. In addition, the Board of Directors has determined that at least one member of the audit committee (Mr. Lawrence) has such accounting or related financial management expertise sufficient to qualify such person as the audit committee financial expert in accordance with Item 407 of Regulation S-K and NASDAQ requirements.

Responsibilities

The audit committee assists the Board of Directors in overseeing:

- our accounting and financial reporting processes;
- the integrity of our financial statements;
- our compliance with legal and regulatory requirements;
- the qualifications and independence of our independent auditors; and
- the performance of our internal audit function and our independent auditors.

The audit committee is also charged with making regular reports to the Board of Directors and preparing any reports that may be required under NASDAQ-listing standards or SEC rules.

Charter

The Board of Directors has adopted a charter for the audit committee, a copy of which is available on our website at *www.legacylp.com*. Please note that the preceding Internet address is for information purposes only and is not intended to be a hyperlink. Accordingly, no information found or provided at that Internet address or at our website in general is intended or deemed to be incorporated by reference herein.

Compensation Committee

Membership

The compensation committee consists of three members of the Board of Directors, Messrs. Vann, Granberry and Sullivan, all of whom have been determined by the Board of Directors to be independent under NASDAQ-listing standards. In addition, each member of the compensation committee qualifies as a non employee director within the meaning of Rule 16b-3 promulgated under the Exchange Act, and as an outside director within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code). Mr. Vann is the chairman of the compensation committee.

Responsibilities

The committee s responsibilities under its charter are to:

- evaluate and/or develop the compensation policies applicable to the executive officers of our general partner, which are required to include guidance regarding the specific relationship of performance to executive compensation;
- review and approve, on an annual basis, the corporate goals and objectives with respect to compensation for the Chief Executive Officer;
- evaluate at least once a year the Chief Executive Officer s performance in light of established goals and objectives;
- determine and approve the Chief Executive Officer s compensation;
- make recommendations to the Board with respect to the compensation to be paid to the general partner s other executive officers based on the committee s review and analysis of the Chief Executive Officer s report and recommendation;
- periodically review the compensation paid to non-employee directors (including Board and committee chairpersons) and make recommendations to the Board regarding any adjustments;

- review and make recommendations to the Board with respect to our incentive compensation and other unit-based plans;
- assist the full Board with respect to the administration of the incentive compensation and other unit-based plans; and
- prepare and publish an annual executive compensation report.

Charter

The Board of Directors has adopted a charter for the compensation committee, a copy of which is available on our website at *www.legacylp.com*. Please note that the preceding Internet address is for information purposes only and is not intended to be a hyperlink. Accordingly, no information found or provided at that Internet address or at our website in general is intended or deemed to be incorporated by reference herein.

Nominating, Governance and Conflicts Committee

Membership

The nominating, governance and conflicts committee consists of Messrs. Granberry, Lawrence, Sullivan and Vann. Mr. Granberry serves as the chairman of the committee. The Board of Directors has determined that all members of the nominating and governance committee are independent under NASDAQ-listing standards. The purpose of the committee is to:

- identify, recruit, evaluate and recommend individuals for election to the Board and the committees thereof as well as to fill any vacancies, consistent with criteria approved by the Board;
- develop and oversee the general partner s policies and procedures regarding compliance with applicable laws and regulations relating to the honest and ethical conduct of the general partner s directors, officers and employees, and senior financial officers (as well as the sole responsibility for granting any waivers thereunder); and
- oversee the evaluations of the Board and the committees of the Board.

Responsibilities

In addition to the purposes of the committee listed above, the duties of the nominating, governance and conflicts committee are to:

- develop a process to be used by the committee in identifying and evaluating candidates for membership on the Board and its committees;
- annually present to the Board a list of nominees recommended for election to the Board at the annual meeting of unitholders;
- evaluate any director candidates recommended by unitholders of the Partnership pursuant to the procedures set forth in the amended and restated agreement of limited partnership of the Partnership to be followed by unitholders in making such recommendations;
- adopt a process for unitholders of the Partnership to send communications to the Board; and
- recommend general matters for consideration by the Board, including but not limited to: (i) the structure of Board meetings; (ii) director retirement policies; (iii) director and officer insurance policy requirements; (iv) policies regarding the number of boards on which a director may serve; (v) director

orientation and training; and (vi) the role of the general partner s executive officers and the outside directorships of such directors.

Further, the nominating, governance and conflicts committee, at the request of the Board of Directors, will review specific matters that the Board of Directors believes may involve a conflict of interest. The committee will determine if the resolution of the conflict of interest is fair and reasonable to the unitholders. Any matters approved by the committee will be conclusively deemed to be fair and reasonable to us, approved by all of our partners and not a breach by our general partner of any duties it may owe us or our unitholders.

Director Nominations

Under our amended and restated agreement of limited partnership, unitholders desiring to suggest a Board nominee must give prior written notice to our Secretary regarding the persons to be nominated. The notice must be received at our principal executive offices at the address shown on the cover page within the specified period and must be accompanied by the information and documents specified in the amended and restated agreement of limited partnership. A copy of the amended and restated agreement of limited partnership may be obtained by writing to our Secretary at the address shown on the cover page of this proxy statement.

Recommendations by unitholders for directors to be nominated at the 2015 annual meeting of unitholders must be in writing and include sufficient biographical and other relevant information such that an informed judgment as to the proposed nominee s qualifications can be made and the name, address and the class and number of units owned by such unitholder. Recommendations must be accompanied by a notarized statement executed by the proposed nominee consenting to be named in the proxy statement, if nominated, and to serve as a director, if elected. Notice and the accompanying information must be received at our principal executive office at the address shown on the cover page of this proxy statement no later than January 14, 2015 and no earlier than December 30, 2014.

The amended and restated agreement of limited partnership does not affect any unitholder s right to request inclusion of proposals in our proxy statement pursuant to Rule 14a-8 promulgated under the Exchange Act. Rule 14a-8 specifies what constitutes timely submission for a unitholder proposal to be included in our proxy statement. Under the SEC s proxy solicitation rules, in order to be considered for inclusion in the proxy materials for the 2015 annual meeting of unitholders, proposals must be received by our Secretary at our principal offices in Midland, Texas by December 6, 2014. Unitholders are urged to review all applicable rules and consult legal counsel before submitting a nomination or proposal to us.

Nomination Criteria

The nominating, governance and conflicts committee is responsible for assessing the skills and characteristics that candidates for election to our Board of Directors should possess, as well as the composition of our Board of Directors as a whole. The assessments include qualifications under applicable independence standards and other standards applicable to our Board of Directors and its committees as well as consideration of skills and experience in the context of the needs of our Board of Directors. Each candidate must meet certain minimum qualifications including:

- the ability to dedicate sufficient time, energy and attention to the performance of her or his duties, taking into consideration the nominee s service on other public company boards; and
- skills and expertise complementary to the skills and expertise of the existing members of our Board of Directors (in this regard, the Board of Directors will consider its need for individuals with skills and expertise in operational, managerial, financial or governmental affairs or other relevant expertise).

The nominating, governance and conflicts committee may also consider the ability of a prospective candidate to work with the then-existing interpersonal dynamics of our Board of Directors and the candidate s ability to contribute to the collaborative culture among the members of the Board of Directors.

The nominating, governance and conflicts committee will also evaluate each nominee based upon a consideration of diversity, age, skills and experience in the context of the needs of the Board of Directors. The committee does not have a policy with regard to the consideration of diversity in identifying director nominees. Diversity, including diversity of experience, professional expertise, gender, race and age, is one factor considered in evaluating a nominee.

Based on this initial evaluation, the nominating, governance and conflicts committee will determine whether to interview the candidate and, if warranted, will recommend that one or more of its members, other members of our Board of Directors or senior management, as appropriate, interview the candidate in person or by telephone. After completing this evaluation and interview process, the committee ultimately determines its list of nominees and submits it to the full Board of Directors for consideration and approval.

Charter

Our Board of Directors has adopted a charter for the nominating, governance and conflicts committee, a copy of which is available on our website at *www.legacylp.com*. Please note that the preceding Internet address is for information purposes only and is not intended to be a hyperlink. Accordingly, no information found or provided at that Internet address or at our website in general is intended or deemed to be incorporated by reference herein.

Code of Ethics

The Board of Directors has adopted a Code of Ethics and Business Conduct applicable to officers and directors of our general partner and our employees, including the principal executive officer, principal financial officer, principal accounting officer and controller, or those persons performing similar functions, of our general partner. The Code of Ethics and Business Conduct is available on our website at *www.legacylp.com* and in print to any unitholder who requests it. Amendments to or waivers from the Code of Ethics and Business Conduct will also be available on our website and reported as may be required under SEC rules; however, any technical, administrative or other non-substantive amendments to the Code of Ethics and Business Conduct may not be posted. Please note that the preceding Internet address is for information purposes only and is not intended to be a hyperlink. Accordingly, no information found or provided at that Internet address or at our website in general is intended or deemed to be incorporated by reference herein.

COMPENSATION DISCUSSION AND ANALYSIS

The following discussion and analysis of compensation arrangements of the named executive officers of our general partner, Legacy Reserves GP, LLC, should be read together with the compensation tables and related disclosures set forth below.

Introduction

Our general partner manages our operations and activities through its Board of Directors. Under our amended and restated agreement of limited partnership, we reimburse our general partner for direct and indirect general and administrative expenses incurred on our behalf, including the compensation of our general partner s executive officers. Our general partner has not incurred any reimbursable expenses related to the compensation of our general partner s executive officers for their management of us. Currently, our general partner s executive officers are employed by our wholly owned subsidiary, Legacy Reserves Services, Inc., and are directly compensated for their management of us pursuant to their employment agreements. The compensation amounts disclosed in this section and under Executive Compensation reflect the total compensation paid to the executive officers of our general partner. Please read Executive Compensation Employment Agreements.

Executive Summary

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, Mid-Continent and Rocky Mountain regions of the United States. Our compensation policy, as adopted by the compensation committee and approved by the Board of Directors in March 2013 (the Compensation Policy), is designed to make our executive officers total compensation comparable to that of similarly-sized publicly traded limited partnerships and exploration and production companies. The goals of our Compensation Policy are to:

- align the compensation of the executive officers with unitholder return;
- provide financial incentives to our executive officers for performance, achievement of goals and enhancement of unitholder value;
- drive and support the long-term goal of sustainable growth in unit distributions and total unitholder return by paying for performance; and
- enable the Partnership to attract and retain highly qualified executive officers.

In meeting the goal of sustainable growth, we intend to invest in our long-term opportunities while meeting our short-term commitments.

To achieve these goals, our total compensation to our executive officers is comprised of base salary, cash incentive compensation (cash bonus) and equity-based incentive compensation, as shown in the charts below that illustrate the allocation of compensation opportunities between salary, annual cash bonuses and annual grants of equity to our Chief Executive Officer and other named executive officers (NEOs) with respect to fiscal year 2013. Base salaries in the charts below are represented by annualized base salaries that were effective from March 1, 2013 through February 28, 2014.

Chief Executive Officer **Average Other NEOs**

Our Compensation Policy replaced and superseded our prior compensation policy that was adopted and approved in September 2009 and amended in February 2010 and March 2012 (the 2010 Compensation Policy). The total compensation provided to our executive officers in fiscal year 2013 as shown in Executive Compensation - Summary Compensation Table (the Summary Compensation Table) is comprised of compensation elements attributable to both compensation policies. The equity-based incentive compensation provided for fiscal year 2013 in the Summary Compensation Table is attributable to our 2010 Compensation Policy, which reflects grant date fair values of equity grants made in 2013 attributable to performance in 2012. In contrast, the cash incentive compensation (cash bonus) for fiscal year 2013 in the Summary Compensation Table is attributable to our Compensation Policy, as cash incentive compensation in this table reflects the performance period during which the compensation is earned, not when it is paid. When compared to the 2010 Compensation Policy, our Compensation Policy revised the vesting and performance measurement periods for the objective and subjective components of the equity-based incentive compensation portion of the policy from the vesting of 1/3 tranches every year over the course of three years in the 2010 Compensation Policy to a three-year cliff vesting and measurement period. In addition, the target equity awards are now weighted 60% according to subjective criteria determined by the compensation committee and 40% according to objective criteria. Under the 2010 Compensation Policy, the subjective criteria were weighted at 40% and the objective criteria were weighted at 60%. Finally, our Compensation Policy allows the compensation committee and Board of Directors discretion to award up to 150% (cash portion) and 200% (equity-based portion) of subjective target incentive compensation, and allows NEOs to earn up 150% (cash portion) and 200% (equity-based portion) of objective target incentive compensation. In contrast, the 2010 Compensation Policy had maximum limits of 100% on subjective and objective cash and equity-based incentive compensation.

Cash Incentive Compensation. With respect to cash incentive compensation earned in fiscal year 2013 under the Compensation Policy, the target total annual cash bonus (subjective plus objective component) expressed as a percentage of annual salary for each named executive officer was as follows: Mr. C. Brown: 110%; Mr. Horne: 80%; Mr. McGraw: 80%; Mr. Westcott: 80%; and Mr. LeRoy: 40%.

Subjective Component of Cash Incentive Compensation. In determining cash incentive awards earned in fiscal year 2013, our compensation committee conducted a subjective evaluation of individual officer and Partnership performance attributable to fiscal year 2013 for 50% of target annual cash incentive compensation. Under the Compensation Policy, the compensation committee and Board of Directors have the discretion to award up to 150% of the subjective component of target annual cash incentive compensation.

Objective Component of Cash Incentive Compensation. The remaining 50% of target annual cash incentive compensation earned in fiscal year 2013 was objectively determined in accordance with the objective criteria set forth in our Compensation Policy, which are based on our results and the achievement of operational and financial goals and objectives during fiscal year 2013 and are designed to align the incentive compensation of each executive officer with unitholder return by rewarding performance that maintains or grows distributions and exceeds the specified target levels for EBITDA (which is defined to mean Adjusted EBITDA as described in the Partnership s annual report on Form 10-K). The respective target levels, for purposes of the determination of annual cash incentive compensation only, will be set by the compensation committee at the beginning of each year after considering management s recommendation

Set forth below are the target levels for EBITDA and cash distribution growth targets used to determine the objective component of each executive officer s cash bonus that may be earned with respect to fiscal year 2013. Achievement of less than 85% of Target EBITDA or failure to maintain the prior cash distribution level, respectively, will result in no cash bonus awarded with respect to that particular performance measure.

Performance Measure	Weight	Performance Level/Percent Earned			
EBITDA	50%	< 85% of Target	85% of Target	100% of Target	115% of Target
		0%	50%	100%	150%
Growth in Cash Distributions	50%	< 0% Growth	0% Growth	7.5% Growth	15% Growth
Per Unit		0%	50%	100%	150%

Set forth in the table below is a summary of the target cash incentive award amounts attributable to performance during 2013 of each named executive officer pursuant to the Compensation Policy, expressed as a percentage of each of such executive officer s applicable base salary.

	Target Cash Bonus Opportunity as a Percentage of 2013 Annual Salary(1)		
Named Executive Officer	Subjective	Objective	Total
Cary D. Brown *Chairman of the Board, President and Chief Executive Officer*	55%	55%	110%
James Daniel Westcott *Executive Vice President and Chief Financial Officer*	40%	40%	80%
Paul T. Horne *Executive Vice President and Chief Operating Officer*	40%	40%	80%
Kyle A. McGraw *Director, Executive Vice President and Chief Development Officer*	40%	40%	80%
Dan G. LeRoy *Vice President, General Counsel and Secretary*	20%	20%	40%

(1) Salaries effective March 1, 2013.

Equity-Based Incentive Compensation. We believe meaningful equity participation by each named executive officer to be a strong motivating factor that will result in significant increases in value and in growth. Grants of equity-based compensation to our executive officers during fiscal year 2014 were made in accordance with the Compensation Policy based on performance during fiscal year 2013. Grants of equity-based compensation to our executive officers during fiscal year 2013 were made in accordance with the 2010 Compensation Policy based on performance during fiscal year 2012.

The subjective or service-based component of equity-based incentive compensation is determined by a subjective evaluation of prior fiscal year performance by the compensation committee. The objective or performance-based component of equity-based incentive compensation, awarded as phantom units and associated DERs, is designed to reward our executive officers for their long-term performance and to align their interests with those of our unitholders.

With respect to grants made during fiscal year 2014, under the Compensation Policy the target total annual equity-based incentive compensation expressed as a percentage of annual salary for each named executive officer was as follows: Mr. C. Brown: 290%; Mr. Horne: 175%; Mr. McGraw: 175%; Mr. Westcott 175%; and Mr. LeRoy: 75%.

With respect to grants made during fiscal year 2013, under the 2010 Compensation Policy the maximum total annual equity-based incentive compensation expressed as a percentage of annual salary for each named executive officer was as follows: Mr. C. Brown: 275%; Mr. Horne: 175%; Mr. McGraw: 175%; Mr. Westcott 150%; and Mr. LeRoy: 75%.

Subjective Component of Equity-Based Incentive Compensation under the Compensation Policy (60% of target). Under the Compensation Policy, equity-based incentive compensation awarded under this component and associated distribution equivalent rights (DERs) cliff vest after a three-year period and are not subject to any performance criteria. The DERs entitle the recipient of the award to a payment equivalent to the amount of the per unit distribution payable to unitholders over the vesting period. The compensation committee and Board of Directors have the discretion to award up to 200% of the subjective component of target equity-based incentive compensation.

Objective Component of Equity-Based Incentive Compensation under the Compensation Policy (40% of target). Under the Compensation Policy, the objective component is granted at 200% of the target amount each year but is subject to cliff vesting after a three-year period in accordance with an objective performance-related formula (as set forth under *Calculation of Vesting of Objective Component of Equity-Based Compensation under the Compensation Policy* below) based on our objective average annual total unitholder return and the following: 1) our total unitholder return compared to the total unitholder returns of a group of our peers, and 2) our total unitholder return compared to the total unitholder returns of a broader group of MLPs. All total unitholder returns are measured during the cumulative three-year measurement period prior to the vesting date. If none or only a portion of phantom units vest as a result of target levels not being met, the unvested portion of phantom units will be forfeited.

Set forth in the table below is a summary of the target equity-based incentive award amounts attributable to performance during 2013 (and granted during fiscal year 2014) of each named executive officer pursuant to the Compensation Policy, expressed as a percentage of each of such executive officer s applicable base salary.

	Target Value of Phantom Units as a Percentage of 2013 Annual Salary(1)		
Named Executive Officer	**Subjective**	**Objective**	**Total**
Cary D. Brown *Chairman of the Board, President and Chief Executive Officer*	175%	115%	290%
James Daniel Westcott *Executive Vice President and Chief Financial Officer*	105%	70%	175%
Paul T. Horne *Executive Vice President and Chief Operating Officer*	105%	70%	175%
Kyle A. McGraw *Director, Executive Vice President and Chief Development Officer*	105%	70%	175%
Dan G. LeRoy *Vice President, General Counsel and Secretary*	45%	30%	75%

(1) Salaries effective March 1, 2013.

Subjective Component of Equity-Based Incentive Compensation under the 2010 Compensation Policy (40% of maximum). Under the 2010 Compensation Policy, equity-based incentive compensation, including associated DERs, awarded under this component vest ratably in 1/3 tranches over a three-year period and are not subject to any performance criteria. The compensation committee and Board of Directors had the discretion to award up to the maximum (100%) of the subjective component of target equity-based incentive compensation.

Objective Component of Equity-Based Incentive Compensation under the 2010 Compensation Policy (60% of maximum). Under the 2010 Compensation Policy, the objective component was granted at the maximum (100%) amount each year but is subject to 1/3 vesting each year in accordance with an objective performance-related formula (as set forth under *Calculation of Vesting of Objective Component of Equity-Based Compensation under the 2010 Compensation Policy* below) based on our absolute total unitholder return each year and our total unitholder return each year compared to the total unitholder returns of a group of our peers as well as the total unitholder returns of a broader group of MLPs. If none or only a portion of phantom units vest as a result of target levels not being met, the unvested portion of phantom units will be forfeited.

Set forth in the table below is a summary of the maximum equity-based incentive award amounts attributable to performance during 2012 (and granted during fiscal year 2013) of each named executive officer pursuant to the 2010 Compensation Policy, expressed as a percentage of each of such executive officer s applicable base salary.

	Maximum Value of Phantom Units as a Percentage of 2012 Annual Salary(1)		
Named Executive Officer	**Subjective**	**Objective**	**Total**
Cary D. Brown *Chairman of the Board, President and Chief Executive Officer*	110%	165%	275%
James Daniel Westcott *Executive Vice President and Chief Financial Officer*	60%	90%	150%
Paul T. Horne *Executive Vice President and Chief Operating Officer*	70%	105%	175%
Kyle A. McGraw *Director, Executive Vice President and Chief Development Officer*	70%	105%	175%
Dan G. LeRoy *Vice President, General Counsel and Secretary*	30%	45%	75%

(1) Salaries effective March 1, 2012.

Corporate Governance

Compensation Committee Authority

Executive officer compensation is administered by the compensation committee of the Board of Directors, which is currently composed of three members, Messrs. Vann, Granberry and Sullivan. The Board of Directors appoints the compensation committee members and delegates to the compensation committee the direct responsibility for, among other things, determining and approving the Chief Executive Officer s compensation, recommending compensation for the general partner s other named executive officers, establishing equity and non-equity incentive plans, and administering our long-term incentive plan (LTIP).

The Board of Directors has determined that each committee member is independent under NASDAQ-listing standards, SEC rules and the relevant securities laws, and that each member qualifies as a non-employee director within the meaning of Rule 16-3 promulgated under the Exchange Act, and as an outside director as defined in Section 162(m) of the Internal Revenue Code.

Role of Compensation Experts in Determining Executive Officer Compensation

The compensation committee is authorized to obtain, at the Partnership s expense, compensation surveys, reports on the design and implementation of compensation programs for directors, officers and employees and other data and documentation as the compensation committee considers appropriate. In addition, the compensation

24

committee has the sole authority to retain and terminate any outside counsel or other experts or consultants engaged to assist it in the evaluation of compensation of our directors and executive officers, including the sole authority to approve such consultants fees and other retention terms.

The compensation committee retained BDO USA, LLP (BDO) as a compensation consultant for performance years 2013 and 2012. BDO was engaged to provide a study of compensation programs related to named executive officers and outside directors offered by a broad peer group of exploration and production companies and publicly traded limited partnerships. The compensation committee charged BDO with undertaking this study to ascertain how the members of this peer group structure their compensation and to assist the compensation committee in establishing and maintaining an appropriate compensation program to better enable the Partnership to attract and retain highly qualified executive officers and to further align the interests of our executive officers with those of our unitholders.

BDO served as the Partnership s independent registered public accountants during 2013. In appointing BDO s compensation consulting group, the compensation committee considered whether such appointment would represent a conflict of interest. In particular, the compensation committee reviewed the structure of the consulting engagement which complies with SEC and Public Company Accounting Oversight Board independence rules and the relatively small amount of fees paid by the Partnership to BDO for compensation consulting services. The committee also evaluated its prior experience with BDO as its consultant and concluded that the advice received was, in its opinion, independent, that the relationship represented no conflict of interest, and that the compensation committee benefitted from the BDO consultant s unique experience in consulting for publicly-traded partnerships.

Selection of Compensation Comparative Data

As discussed in greater detail below, central to our compensation philosophy is the alignment of the interests of our named executive officers with the interests of our unitholders. It is the goal of our compensation philosophy to provide financial incentives to our executive officers to focus on business strategies designed to increase the distributions we pay to our unitholders. In addition to comparing compensation packages of our named executive officers and outside directors with the compensation of their counterparts within our peer group of exploration and production companies and publicly traded limited partnerships, other specific performance levels or benchmarks, as described in the Compensation Policy, were used in 2013 to establish the compensation packages of our named executive officers and outside directors.

When determining incentive compensation related to 2013 performance, our peer group included Atlas Energy, L.P.; Atlas Pipeline Partners, L.P.; Breitburn Energy Partners L.P.; Carrizo Oil & Gas, Inc.; Clayton Williams Energy, Inc.; Crestwood Midstream Partners LP; Crosstex Energy, L.P.; Eagle Rock Energy Partners, L.P.; EV Energy Partners, L.P.; Forest Oil Corporation; Gulfport Energy Corporation; Halcón Resources Corporation; LRR Energy, L.P.; Memorial Production Partners LP; Mid-Con Energy Partners, LP; Niska Gas Storage Partners LLC; PVR Partners, L.P.; QR Energy, LP; Resolute Energy Corporation; Rosetta Resources Inc.; Swift Energy Company; and Vanguard Natural Resources, LLC.

When determining incentive compensation related to 2012 performance, our peer group included Atlas Pipeline Partners, L.P.; Breitburn Energy Partners L.P.; Carrizo Oil & Gas, Inc.; Clayton Williams Energy, Inc.; Crestwood Midstream Partners LP; Copano Energy, L.L.C.; Crosstex Energy, L.P.; Eagle Rock Energy Partners, L.P.; EV Energy Partners, L.P.; Forest Oil Corporation; GeoResources, Inc. (acquired by Halcón Resources Corporation during 2012); Gulfport Energy Corporation; PVR Partners, L.P.; Resolute Energy Corporation; Rosetta Resources Inc.; Swift Energy Company and Vanguard Natural Resources, LLC.

Our peer group is determined by the compensation committee at the beginning of each fiscal year to ensure that the peer group s size and composition produces relevant information for the compensation committee s consideration. If any company in the peer group ceases to be publicly traded during any performance period, the compensation committee will adjust the composition of the peer group as it deems appropriate.

Decision-Making Process and Role of Executive Officers

Compensation decisions for executive officers involve both objective and subjective criteria. For performance years 2013 and 2012, the compensation committee consultant first provided information to the compensation committee regarding competitive market data. The second component of the decision-making process was our Chief Executive Officer providing a written overview of performance by the Partnership, including an overview of the performance by each named executive officer other than himself, in light of established operational and financial goals and objectives. After reviewing this written overview, the compensation committee met with the Chief Executive Officer in order to ask questions regarding the information set forth in the written overview and to gather any additional information needed in order to make recommendations to the Board of Directors regarding the compensation of the named executive officers other than the Chief Executive Officer.

In determining the compensation of the Chief Executive Officer, the compensation committee took into account the information provided by the compensation committee consultant. The compensation committee then evaluated the Chief Executive Officer s performance in light of established operational and financial goals and objectives and determined as a committee, together with any other independent directors participating in the process, the Chief Executive Officer s compensation.

Executive Officer Compensation Strategy and Philosophy

Our Compensation Policy is, and our 2010 Compensation Policy was, designed to make our executive officers total compensation comparable to that of similarly sized publicly traded limited partnerships and exploration and production companies.

Our executive officer compensation strategy is designed to:

- align the compensation of the executive officers with unitholder return;
- provide financial incentives to our executive officers for performance, achievement of goals and enhancement of unitholder value;
- drive and support the long-term goal of sustainable growth in unit distributions and total unitholder return by paying for performance; and
- enable the Partnership to attract and retain highly qualified executive officers.

In meeting the goal of sustainable growth, we intend to invest in our long-term opportunities while meeting our short-term commitments. As all our executive officers hold units in the Partnership, we have attempted to maintain competitive levels of compensation while focusing on the growth of our business and distributions. Through this approach, our executives receive cash and equity compensation for the market value of their services and their performance is further rewarded through the distributions they receive on their holdings of our units, which creates alignment of interests with our unitholders.

At our named executive officers 2013 compensation levels and due to our organizational structure, we did not believe that Internal Revenue Code Section 162(m) would be applicable and accordingly, did not consider it in setting compensation levels.

Components of Compensation

Named Executive Officer Compensation

Total compensation to our executive officers is comprised of base salary, cash incentive compensation (cash bonus) and equity-based incentive compensation.

2013 Performance Goals and Objectives

For the 2013 performance year, the operational and financial goals and objectives were as follows:

- Grow cash distributions to $0.59 per unit attributable to the fourth quarter of 2013 with a coverage ratio of 1.14 times for the year after deducting estimated maintenance capital expenditures;
- Acquire $200.0 million of producing properties at targeted cash flow metrics;
- Generate $272.0 million of EBITDA with $90 million of total development capital expenditures;
- Provide the capital needed to execute the business plan while maintaining a total debt to EBITDA ratio of around 3 times; and
- Experience zero lost-time accidents.

These goals and objectives, as supplemented by more detailed supporting goals and objectives put forth by our named executive officers, provided a framework for the compensation committee to assess our 2013 performance and to determine named executive officers compensation. Relative weight is not assigned to any or all of these goals and objectives. Additionally, the various financial goals were based on various assumptions, with the understanding that our actual financial performance would be assessed based on factors considered relevant by the compensation committee at the time compensation for the named executive officers was reviewed and determined.

2013 Performance Assessment for Determination of Incentive Compensation under the Compensation Policy

The compensation committee assessed the 2013 performance of executive officers for purposes of the determination (as set forth in the Compensation Policy) of the subjective components of cash incentive compensation earned with respect to fiscal year 2013 and equity-based incentive compensation granted during fiscal year 2014 based on the attainment of the foregoing goals and objectives and the performance-related factors that it considered to be relevant.

Among other relevant considerations, the compensation committee considered the following achievements by the Partnership and the executive officers during 2013:

- Paid distributions per unit of $0.575, $0.58, $0.585, and $0.59 attributable to the first, second, third and fourth quarters of 2013, respectively, with a coverage ratio of 1.12 times for the year after deducting $69.6 million of estimated maintenance capital expenditures in 2013;
- Acquired $105.1 million of producing properties in 14 individually immaterial acquisition transactions at better than targeted cash flow metrics and also acquired $3.3 million of undeveloped prospective acreage in the Permian Basin;
- Generated EBITDA of $272.7 million with $94.0 million of total development capital expenditures, as Legacy successfully integrated its $502.6 million acquisition from Concho Resources Inc. that closed in December 2012 and is the largest acquisition in the Partnership s history;
- Closed a $250 million offering of 6.625% senior notes due 2021 that closed in May 2013, maintained a borrowing base of $800 million as redetermined during October 2013, and ended the year with a debt to 2013 EBITDA ratio of approximately 3.3 times; and
- Experienced zero lost-time accidents.

Primarily based on these achievements, the compensation committee awarded to Mr. Brown 115% of the target subjective component of the cash bonus and 150% of the target subjective component of equity-based incentive compensation and recommended to the Board that the executive officers other than Mr. Brown be awarded as follows: 150% for Mr. Westcott, 100% for Mr. Horne, 90% for Mr. LeRoy and 85% for Mr. McGraw of the subjective component of the cash bonus; and 175% for Mr. Westcott, 150% for Mr. Horne and 140% for Messrs. McGraw and LeRoy of the subjective component of equity-based incentive compensation of the target individual levels set forth in subsequent sections. The Board approved such awards.

2012 Performance Goals and Objectives

For the 2012 performance year, the operational and financial goals and objectives were as follows:

- Grow cash distributions to $0.57 per unit attributable to the fourth quarter of 2012 with a coverage ratio of 1.08 times for the year (after deducting $62 million of total development capital expenditures in 2012);
- Acquire $200.0 million of producing properties at targeted cash flow metrics;
- Generate $206.0 million of EBITDA with $62 million of total development capital expenditures;
- Improve organizational depth and capabilities;
- Provide the capital needed to execute the business plan, including continuing the at-the-market equity issuance and access debt in a favorable manner while maintaining a total debt to EBITDA ratio below 3 times; and
- Experience zero lost-time accidents.

These goals and objectives, as supplemented by more detailed supporting goals and objectives put forth by our named executive officers, provided a framework for the compensation committee to assess our 2012 performance. Relative weight is not assigned to any or all of these goals and objectives. Additionally, the various financial goals were based on various assumptions, with the understanding that our actual financial performance would be assessed based on factors considered relevant by the compensation committee at the time compensation for the named executive officers was reviewed and determined.

2012 Performance Assessment for Determination of Incentive Compensation under the 2010 Compensation Policy

The compensation committee assessed the 2012 performance of executive officers for purposes of the determination (as set forth in the 2010 Compensation Policy) of the subjective components of cash incentive compensation earned with respect to fiscal year 2012 and equity-based incentive compensation granted during fiscal year 2013 based on the attainment of the foregoing goals and objectives and the performance-related factors that it considered to be relevant.

Among other relevant considerations, the compensation committee considered the following achievements by the Partnership and the executive officers during 2012:

- Paid distributions per unit of $0.555, $0.56, $0.565, and $0.57 attributable to the first, second, third and fourth quarters of 2012, respectively, with a coverage ratio of 0.95 for the year (after deducting $68.2 million of total development capital expenditures in 2012);
- Acquired $635 million (before impairment) of producing properties in 19 transactions, including our $502.6 million COG 2012 Acquisition that closed on December 20, 2012, at slightly better than targeted cash flow metrics and also acquired $7.2 million of undeveloped prospective acreage in the Permian Basin;
- Generated EBITDA of $197.6 million with $68.2 million of development capital expenditures;

- Improved our organizational depth and capabilities throughout the partnership (including our operations, land and accounting departments), including the net addition of 43 full-time employees during 2012 that included a significant number of hires in November and December related to the COG 2012 Acquisition;

- Closed our largest equity offering with a follow-on offering in November 2012 providing $218.0 million in net proceeds, gained first-time access to the high yield market through our $300 million 8% senior notes offering that closed in December 2012, increased our borrowing base for a third time in 2012 to $800 million in December 2012 with an expanded 20-member bank group, and ended fiscal year 2012 with a debt to estimated pro forma 2012 EBITDA ratio of approximately 2.9 times; and

- Experienced one lost-time accident.

Primarily based on these achievements, the compensation committee awarded to Mr. Brown 85% of the subjective component of the cash bonus attributable to fiscal year 2012 and 100% of the subjective component of equity-based incentive compensation granted during fiscal year 2013 and recommended to the Board that the executive officers other than Mr. Brown be awarded 90% (Messrs. McGraw and Westcott) and 85% (Messrs. Horne and LeRoy) of the subjective component of the cash bonus attributable to fiscal year 2012 and 100% of the subjective component of equity-based incentive compensation granted during fiscal year 2013 at the individual levels set forth in subsequent sections and the Board approved such rewards.

Base Salaries

Overview

We pay base salary to attract talented executives and provide a fixed base of cash compensation. The compensation committee determines and approves the Chief Executive Officer s compensation including salary based on a review of the Chief Executive Officer s performance in light of established corporate goals and objectives. The compensation committee, with the assistance of the compensation committee consultant and input of the Chief Executive Officer, also makes recommendations to the Board of Directors as a whole with respect to the compensation, including base salary, to be paid to the other executive officers of our general partner.

It is the intent of the compensation committee to have the base salaries of our named executive officers reviewed on an annual basis as well as at the time of a promotion or other material change in responsibilities.

2013 Base Salary Determinations

Effective March 1, 2013, base salaries were increased to the following: Mr. Brown: $490,000; Mr. Westcott: $300,000; Mr. Horne: $350,000; Mr. McGraw: $350,000; and Mr. LeRoy: $250,000.

Cash Incentive Compensation (Cash Bonus) under the Compensation Policy

Overview

As a component of total compensation, the compensation committee chooses to pay annual incentives to drive the achievement of key results and to recognize individuals based on their contributions to those results. The compensation committee recognizes that short-term results contribute to achieving long-term goals. The amount of annual incentives is based upon our results and the achievement of operational and financial goals and objectives. The range and target amounts are recommended to the compensation committee by our Chief Executive Officer.

In determining cash incentive awards earned during a fiscal year, a subjective evaluation of the individual officer and Partnership performance (subjective criteria) for the fiscal year such awards are to be earned and our results and the achievement of operational and financial goals and objectives during such fiscal year (objective criteria) are considered.

The objective and subjective components of the cash incentive compensation each comprise 50% of the target bonus available expressed as a percentage of annual salary for each executive officer, as set forth in the following table for fiscal year 2013.

		Target Cash Bonus Opportunity as a Percentage of Annual Salary		
Named Executive Officer	**Title**	**Subjective**	**Objective**	**Total**
Cary D. Brown	Chairman of the Board, President and Chief Executive Officer	55%	55%	110%
James Daniel Westcott	Executive Vice President and Chief Financial Officer	40%	40%	80%
Paul T. Horne	Executive Vice President and Chief Operating Officer	40%	40%	80%
Kyle A. McGraw	Director, Executive Vice President and Chief Development Officer	40%	40%	80%
Dan G. LeRoy	Vice President, General Counsel and Secretary	20%	20%	40%

Objective Component of Cash Bonus

The objective component (up to 50% of the annual target cash incentive compensation) is based on two measures of equal weight:

- EBITDA (which is defined to mean Adjusted EBITDA as defined in our 2013 Form 10-K); and
- Growth in cash distributions per unit.

The percentage levels that may be earned each year are based on the ranges of performance levels with respect to each target as set forth in the following table, as determined by straight-line interpolation. Our executive officers will not receive a cash bonus (with respect to either of the two performance measures) under this objective component unless the Partnership maintains its cash distribution per unit or achieves EBITDA that is at least 85% of the target EBITDA for the year.

Performance Measure	**Weight**	**Performance Level/Percent Earned**			
EBITDA	50%	< 85% of Target	85% of Target	100% of Target	115% of Target
		0%	50%	100%	150%
Growth in Cash Distributions	50%	< 0% Growth	0% Growth	7.5% Growth	15% Growth
Per Unit		0%	50%	100%	150%

These objective measures are intended to align the cash incentive compensation of each executive officer with unitholder return by rewarding performance that maintains or grows distributions and increases EBITDA. The respective target levels of EBITDA and growth in cash distributions per unit, respectively, for purposes of the annual cash bonus determination only, will be set by the compensation committee at the beginning of each year after considering management s recommendation.

During 2013, the Partnership achieved EBITDA of $272.7 million, or 100.3% of the $272.0 million target EBITDA, resulting in a Percentage Earned (pursuant to the table above) of 100.9% (weighted at 50% or 50.4%) and distribution growth in 2013 was 3.5% resulting in a Percentage Earned of 73.4% (weighted at 50% or 36.7%), resulting in bonus amounts at 87.1% of the Objective Factor (as set forth in the table below).

Subjective Cash Award

Each executive officer was awarded the cash bonuses in the amounts determined by the percentage of target levels available, as set forth under % of Subjective Factor Earned in the table below, and the potential target level of the subjective component of cash incentive compensation for 2013 (the Subjective Factor as set forth

below). Under the Compensation Policy, the compensation committee and Board of Directors have the discretion to award up to 150% of the subjective target cash bonus.

Based on Legacy s and the individual executive officers accomplishments and performances as set forth above, under the caption 2013 Performance Assessment, the Board, based on the compensation committee s recommendation, set the subjective portion of the cash bonus as shown in the following table.

The chart below illustrates the cash incentive award earned during 2013 for each named executive officer in accordance with the performance level/percentage earned calculation set forth in the Compensation Policy:

			Subjective			Objective		
Named Executive Officer	**2013 Salary**	**Subjective Factor**	**% of Subjective Factor Earned**	**Bonus Amount**	**Objective Factor**	**% of Objective Factor Earned**	**Cash Incentive Amount(a)**	**Total Cash Incentive**
Cary D. Brown	$490,000	55%	115%	$309,925	55%	87.13%	$234,815	$544,740
James Daniel Westcott	$300,000	40%	150%	$180,000	40%	87.13%	$104,556	$284,556
Paul T. Horne	$350,000	40%	100%	$140,000	40%	87.13%	$121,982	$261,982
Kyle A. McGraw	$350,000	40%	85%	$119,000	40%	87.13%	$121,982	$240,982
Dan G. LeRoy	$250,000	20%	90%	$45,000	20%	87.13%	$43,565	$88,565

(a) The amounts are determined by using a weighted earned percentage of 87.13% of the Objective Factor as determined in accordance with the formula set forth in the Compensation Policy. See Cash Incentive Compensation (Cash Bonus) Objective Component of Cash Bonus above.

Equity-Based Incentive Compensation - Overview

We provide performance-based equity-based incentive compensation opportunities to our executive officers as part of the compensation program because we believe that this element of compensation ties the interests of our executive officers directly to the interests of our unitholders. We also believe that equity-based incentive compensation serves as an important retention tool.

More specifically, the equity-based incentive compensation program adopted by the Board of Directors and compensation committee of our general partner is designed to reward our named executive officers for their long-term performance by aligning grants of phantom units with associated DERs with the growth of distributions to unitholders.

We consider equity-based incentive compensation to be an important element of our compensation program for named executive officers. We believe meaningful equity participation by each named executive officer to be a strong motivating factor that will result in significant increases in value and in growth. This belief is reflected in the aggregate awards of phantom units that have been made to named executive officers that did not already have a significant interest in our units. Our award structure for long-term equity-based incentives employs a mix of subjective and objective measures as set forth below.

Equity-Based Incentive Compensation under the Compensation Policy

Subjective or Service-Based Component. The subjective or service-based component is determined by a subjective evaluation of prior fiscal year performance and, with respect to each executive officer, may be awarded up to 200% of the specified percentage of annual salary as set forth in the tables below. Once granted, the only condition to vesting will be that the executive officer remain in the service of the Partnership until the end of the respective 3-year cliff vesting period. The vesting of service-based equity-based awards including associated DERs, once granted, is not subject to the attainment of any performance criteria.

Objective or Performance-Based Component under the Compensation Policy. the objective component is granted each year at 200% of the targeted percentage listed in the table below, but the amount vested at the end of the three-year period is determined on the vesting date in accordance with an objective performance-related formula

(as set forth under *Calculation of Vesting of Objective Component of Equity-Based Compensation under the Compensation Policy* below) based on the objective average annual total unitholder return and our total unitholder return each year compared to the total unitholder returns of a group of our peers as well as the total unitholder returns of a broader group of MLPs achieved during the cumulative three-year measurement period prior to the vesting date. If none or only a portion of phantom units vest as a result of target levels not being met, the unvested portion of phantom units will be forfeited.

All equity-based incentive compensation awards are phantom units, with associated DERs, up to 200% of the specified percentage of annual salary as set forth in the following table.

		Target Value of Phantom Units as a Percentage of 2013 Annual Salary		
Named Executive Officer	**Title**	**Subjective**	**Objective**	**Total**
Cary D. Brown	Chairman of the Board, President and Chief Executive Officer	175%	115%	290%
James Daniel Westcott	Executive Vice President and Chief Financial Officer	105%	70%	175%
Paul T. Horne	Executive Vice President and Chief Operating Officer	105%	70%	175%