

LEGACY RESERVES LP  
Form 424B3  
January 09, 2015

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Filed pursuant to Rule 424(b)(3)  
Registration Statement No. 333-200982

PROSPECTUS

**Legacy Reserves LP**  
**Legacy Reserves Finance Corporation**

**Offer to Exchange**  
**Up to \$300,000,000 of**  
**6.625% Senior Notes due 2021**  
**That Have Not Been Registered Under**  
**the Securities Act of 1933**  
**("old notes")**  
**For**  
**Up to \$300,000,000 of**  
**6.625% Senior Notes due 2021**  
**That Have Been Registered Under**  
**the Securities Act of 1933**  
**("new notes")**

**Terms of the New Notes:**

The terms of the new notes are identical to the terms of the old notes that were issued in May 2014, except that the new notes will be registered under the Securities Act of 1933 and will not contain restrictions on transfer, registration rights or provisions for additional interest.

**Terms of the Exchange Offer:**

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We are offering to exchange up to \$300,000,000 of our old notes for new notes with materially identical terms that have been registered under the Securities Act of 1933 and are freely tradable.

Interest on the new notes will accrue at the rate of 6.625% per annum, and will be payable on June 1 and December 1 of each year, with the next payment being due on June 1, 2015.

We will exchange all old notes that you validly tender and do not validly withdraw before the exchange offer expires for an equal principal amount of new notes.

The exchange offer expires at 5:00 p.m., New York City time, on February 9, 2015, unless extended.

Tenders of old notes may be withdrawn at any time prior to the expiration of the exchange offer.

The exchange of old notes for new notes will not be a taxable event for U.S. federal income tax purposes. Please read "Certain U.S. Federal Income Tax Consequences."

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**You should carefully consider the risks set forth under "Risk Factors" beginning on page 9 of this prospectus for a discussion of factors you should consider before participating in the exchange offer.**

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

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**The date of this prospectus is January 9, 2015.**

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This prospectus is part of a registration statement we filed with the Securities and Exchange Commission. In making your investment decision, you should rely only on the information contained or incorporated by reference in this prospectus and in the accompanying letter of transmittal. We have not authorized anyone to provide you with any other information. If you receive any unauthorized information, you must not rely on it. We are not making an offer to sell these securities or soliciting an offer to buy these securities in any jurisdiction where an offer or solicitation is not authorized or in which the person making that offer or solicitation is not qualified to do so or to anyone whom it is unlawful to make an offer or solicitation. You should not assume that the information contained in this prospectus, or in the documents incorporated by reference herein, is accurate as of any date other than the date on the front cover of this prospectus or the date of such incorporated documents, as the case may be.

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This prospectus incorporates important business and financial information about Legacy Reserves LP that is not included or delivered with this prospectus. Such information is available without charge to holders of old notes upon written or oral request made to Legacy Reserves LP, 303 W. Wall Street, Suite 1800, Midland, Texas 79701, Tel: (432) 659-5200; Attn: James Daniel Westcott.

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**WHERE YOU CAN FIND MORE INFORMATION**

We are required to file annual, quarterly, and current reports and other information with the Securities and Exchange Commission (the "SEC"). You may read and copy any documents filed by us at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. The SEC maintains an internet site that contains reports, proxy and information statements and other information regarding us. The SEC's web site is <http://www.sec.gov>.

We also make available free of charge on our internet website at <http://www.legacylp.com> all of the documents that we file with or furnish to the SEC as soon as reasonably practicable after we electronically file such material with the SEC. Information contained on our website is not incorporated by reference into this prospectus, and you should not consider information contained on our website as part of this prospectus unless specifically so designated and filed with the SEC.

We "incorporate by reference" information into this prospectus, which means that we disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this prospectus, except for any information superseded by information contained expressly in this prospectus, and the information we file later with the SEC will automatically supersede this information. You should not assume that the information in this prospectus is current as of any date other than the date on the front page of this prospectus.

We incorporate by reference in this prospectus the documents listed below that we have previously filed with the SEC:

Our Annual Report on Form 10-K for the year ended December 31, 2013 filed on February 21, 2014;

Our Quarterly Report on Form 10-Q for the quarter ended March 30, 2014 filed on May 6, 2014, for the quarter ended June 30, 2014 filed on May 6, 2014 and for the quarter ended September 30, 2014 filed on October 31, 2014;

Our Current Reports on Form 8 K filed April 2, 2014, April 16, 2014, April 17, 2014, May 6, 2014, May 9, 2014, May 13, 2014, May 16, 2014, May 28, 2014, June 16, 2014, June 17, 2014, July 30, 2014 and October 8, 2014; and on Form 8-K/A filed August 14, 2014, August 25, 2014 and December 11, 2014; and

Our proxy statement on Schedule 14A filed on March 31, 2014.

In addition, we incorporate by reference in this prospectus any future filings made by Legacy Reserves LP with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") (excluding any information in those documents that is deemed by the rules of the SEC to be furnished and not filed with the SEC) until all offerings under the registration statement of which this prospectus forms a part are completed or terminated, and after the date on which such registration statement was initially filed with the SEC and before the effectiveness of such registration statement.

You may request a copy of any document incorporated by reference in this prospectus and any exhibit specifically incorporated by reference in those documents, and we will provide such document to you at no cost, by writing or telephoning us at the following address or phone number:

Legacy Reserves LP  
303 W. Wall Street, Suite 1800  
Midland, Texas 79701  
Attn: James Daniel Westcott  
Executive Vice President and Chief Financial Officer  
Tel: (432) 659-5200

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**CAUTIONARY STATEMENT  
REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus contains forward-looking statements that are subject to a number of risks and uncertainties, many of which are beyond our control, which may include statements about:

our business strategy;

the amount of oil and natural gas we produce;

the price at which we are able to sell our oil and natural gas production;

our ability to acquire additional oil and natural gas properties at economically attractive prices;

our drilling locations and our ability to continue our development activities at economically attractive costs;

the level of our lease operating expenses, general and administrative costs and finding and development costs, including payments to our general partner;

the level of our capital expenditures;

the level of cash distributions to our unitholders;

our future operating results; and

our plans, objectives, expectations and intentions.

All of these types of statements, other than statements of historical fact included in this prospectus, are forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "could," "should," "expect," "plan," "project," "intend," "anticipate," "believe," "estimate," "predict," "potential," "pursue," "target," "continue," the negative of such terms or other comparable terminology.

The forward-looking statements contained in this prospectus are largely based on our expectations, which reflect estimates and assumptions made by our management. These estimates and assumptions reflect our best judgment based on currently known market conditions and other factors. Although we believe such estimates and assumptions to be reasonable, they are inherently uncertain and involve a number of risks and uncertainties that are beyond our control. In addition, management's assumptions about future events may prove to be inaccurate. All readers are cautioned that the forward-looking statements contained in this prospectus are not guarantees of future performance, and our expectations may not be realized or the forward-looking events and circumstances may not occur. Actual results may differ materially from those anticipated or implied in the forward-looking statements due to factors described under the caption "Risk Factors" in this prospectus, as well as the risk factors included in Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2013 and the risk factors included in Item 1A. "Risk Factors" in our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2014 and June 30, 2014. The forward-looking statements in this prospectus speak only as of the date of this prospectus; we disclaim any obligation to update these statements unless required by securities law, and we caution you not to rely on them unduly.



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**PROSPECTUS SUMMARY**

*This summary highlights information included or incorporated by reference in this prospectus. It does not contain all of the information that may be important to you. You should read carefully the entire prospectus, including the risk factors beginning on page 9.*

*Except as used in the "Description of Notes" or unless otherwise indicated or the context otherwise requires, references to "Legacy Reserves," "Legacy," "we," "our," "us," or like terms refer to Legacy Reserves LP and its subsidiaries, including Legacy Reserves Finance Corporation, collectively.*

*In this prospectus, we refer to the notes to be issued in the exchange offer as the "new notes" and the notes issued in May 2014 as "old notes." We refer to the new notes and the old notes collectively as the "notes."*

**Legacy Reserves LP**

**Overview**

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

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

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

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

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

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

**Our Ownership and Organizational Structure**

The chart below depicts our simplified organization and ownership structure as of December 15, 2014.

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**OWNERSHIP OF LEGACY RESERVES LP**

Public Unitholders	85.34%(a)
Founding Investors, Directors and Management(b)	14.63%
General Partner Interest	0.03%
Total	100.00%

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(a)



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

(b)

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

(c)

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

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**The Exchange Offer**

*On May 13, 2014, we completed a private offering of the old notes. We entered into a registration rights agreement with the initial purchasers in the private offering pursuant to which we agreed to deliver to you this prospectus and to use commercially reasonable efforts to complete the exchange offer on or before May 13, 2015.*

Old Notes	On May 13, 2014, we completed a private placement of \$300 million aggregate principal amount of our 6.625% Senior Notes due 2021.
New Notes	6.625% Senior Notes due 2021. The terms of the new notes are identical to the terms of the old notes, except that the new notes are registered under the Securities Act of 1993, as amended (the "Securities Act"), and will not have restrictions on transfer, registration rights or provisions for additional interest.
Exchange Offer	We are offering to exchange new notes for old notes.
Expiration Date	The exchange offer will expire at 5:00 p.m., New York City time, on February 9, 2015, unless we decide to extend it.
Conditions to the Exchange Offer	The registration rights agreement does not require us to accept old notes for exchange if the exchange offer, or the making of any exchange by a holder of the old notes, would violate any applicable law or interpretation of the staff of the SEC. The exchange offer is not conditioned on a minimum aggregate principal amount of old notes being tendered. Please read "Exchange Offer Conditions to the Exchange Offer" for more information about the conditions to the exchange offer.
Procedures for Tendering Old Notes	To participate in the exchange offer, you must follow the procedures established by The Depository Trust Company, or DTC, for tendering notes held in book-entry form. These procedures for using DTC's Automated Tender Offer Program, or ATOP, require that (i) the exchange agent receive, prior to the expiration date of the exchange offer, a computer generated message known as an "agent's message" that is transmitted through DTC's automated tender offer program, and (ii) DTC confirms that:
	DTC has received your instructions to exchange your notes; and
	you agree to be bound by the terms of the letter of transmittal.
	For more information on tendering your old notes, please refer to the section in this prospectus entitled "Exchange Offer Terms of the Exchange Offer," " Procedures for Tendering" and "Description of Notes Book-Entry, Delivery and Form."
Guaranteed Delivery Procedures	None.

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Withdrawal of Tenders	You may withdraw your tender of old notes at any time prior to the expiration date of the exchange offer. To withdraw, you must submit a notice of withdrawal to the exchange agent using ATOP procedures before 5:00 p.m., New York City time, on the expiration date of the exchange offer. Please refer to the section in this prospectus entitled "Exchange Offer Withdrawal of Tenders."
Acceptance of Old Notes and Delivery of New Notes	If you fulfill all conditions required for proper acceptance of old notes, we will accept any and all old notes that you properly tender in the exchange offer on or before 5:00 p.m., New York City time, on the expiration date of the exchange offer. We will return any old notes that we do not accept for exchange to you without expense promptly after the expiration date of the exchange offer and acceptance of the old notes for exchange. Please refer to the section in this prospectus entitled "Exchange Offer Terms of the Exchange Offer."
Fees and Expenses	We will bear expenses related to the exchange offer. Please refer to the section in this prospectus entitled "Exchange Offer Fees and Expenses."
Use of Proceeds	The issuance of the new notes will not provide us with any new proceeds. We are making this exchange offer solely to satisfy our obligations under our registration rights agreement.
Consequences of Failure to Exchange Old Notes	If you do not exchange your old notes in this exchange offer, you will no longer be able to require us to register the old notes under the Securities Act except in limited circumstances provided under the registration rights agreement. In addition, you will not be able to resell, offer to resell or otherwise transfer the old notes unless we have registered the old notes under the Securities Act, or unless you resell, offer to resell or otherwise transfer them under an exemption from the registration requirements of, or in a transaction not subject to, the Securities Act.
U.S. Federal Income Tax Considerations	The exchange of old notes for new notes in the exchange offer will not be a taxable event for U.S. federal income tax purposes. Please read "Certain U.S. Federal Income Tax Consequences."
Exchange Agent	We have appointed Wells Fargo Bank, National Association as exchange agent for the exchange offer. You should direct questions and requests for assistance, as well as requests for additional copies of this prospectus or the letter of transmittal, to the exchange agent addressed as follows: Wells Fargo Bank, N.A., MAC N9303-121, P.O. Box 1517, Minneapolis, Minnesota 55480. Eligible institutions may make requests by facsimile at 1-612- 667-6282, Attn: Corporate Trust Operations and may confirm facsimile delivery by calling 1-800-344-5128.

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**Terms of the New Notes**

*The new notes will be identical to the old notes, except that the new notes are registered under the Securities Act and will not have restrictions on transfer, registration rights or provisions for additional interest. The new notes will evidence the same debt as the old notes, and the same indenture will govern the new notes and the old notes.*

*The following summary contains basic information about the new notes and is not intended to be complete. It does not contain all the information that is important to you. For a more complete understanding of the new notes, please refer to the section of this prospectus entitled "Description of Notes."*

Issuers	Legacy Reserves LP and Legacy Reserves Finance Corporation. Legacy Reserves Finance Corporation, a Delaware corporation, is a 100% owned subsidiary of Legacy Reserves LP that has been organized for the sole purpose of being a co-issuer of certain of our indebtedness, including the notes. Legacy Reserves Finance Corporation has no operations and no revenue other than as may be incidental to its activities as co-issuer of our indebtedness.
Notes Offered	\$300 million aggregate principal amount of 6.625% Senior Notes due 2021.
Maturity Date	December 1, 2021.
Interest	Interest on the new notes accrues at a rate of 6.625% per annum (calculated using a 360- day year). Interest on the new notes is payable on June 1 and December 1 of each year, with the next interest payment being due on June 1, 2015.
Ranking	Like the old notes, the new notes will be our senior unsecured obligations. Accordingly, they will:  rank equal in right of payment with all of our existing and future senior indebtedness, including \$300 million in aggregate principal amount of our 8% senior unsecured notes maturing on December 1, 2020 (the "2020 Senior Notes") and the \$250 million in aggregate principal amount of our 6.625% Senior Notes due 2021 that we issued in May 2013 (the "Initial 2021 Senior Notes");  be effectively subordinated in right of payment to all of our secured indebtedness, including indebtedness under our revolving credit facility, to the extent of the value of the collateral securing such indebtedness;

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be structurally subordinated in right of payment to all indebtedness and other liabilities, including trade payables, of our subsidiaries that do not guarantee the notes (other than indebtedness and liabilities owed to us, if any); and

rank senior in right of payment to all of our future subordinated indebtedness;

As of September 30, 2014, we had a total principal amount of long-term debt of approximately \$1.2 billion, and the notes were effectively subordinated to approximately \$370 million of outstanding senior secured indebtedness (to the extent of the value of the collateral securing such indebtedness) under our revolving credit facility.

Subsidiary Guarantees

The new notes are jointly and severally guaranteed by all of our existing and future material restricted subsidiaries (other than the co-issuer) that guarantee a material amount of our other indebtedness, which we refer to as "our subsidiary guarantors." Each subsidiary guarantee of a subsidiary guarantor will:

rank equal in right of payment with all of the existing and future senior unsecured indebtedness of the subsidiary guarantor;

be effectively subordinated in right of payment to all existing and future secured indebtedness of the subsidiary guarantor, including its guarantees of our borrowings under our revolving credit facility, to the extent of the value of the collateral securing such indebtedness; and

rank senior in right of payment to all future subordinated indebtedness of such subsidiary guarantors.

Optional Redemption

We have the option to redeem the new notes, in whole or in part, at any time on or after June 1, 2017 at the redemption prices described in this prospectus under the heading "Description of Notes - Optional Redemption," together with any accrued and unpaid interest to the date of redemption.

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Equity Offering Optional Redemption	<p>Prior to June 1, 2017, we may redeem the new notes, in whole or in part, at a "make-whole" redemption price described under "Description of Notes Optional Redemption," together with any accrued and unpaid interest to the date of redemption.</p> <p>Prior to June 1, 2016, we may, at any time or from time to time, redeem up to 35% of the aggregate principal amount of the new notes with the net proceeds of a public or private equity offering at 106.625% of the principal amount of the new notes, plus any accrued and unpaid interest to the date of redemption, if at least 65% of the aggregate principal amount of the notes originally issued under the indenture remains outstanding after such redemption and the redemption occurs within 180 days of the date of the closing of such equity offering.</p>
Change of Control	<p>If a change of control occurs, each holder of new notes may require us to repurchase all or a portion of its new notes at a price equal to 101% of the principal amount of the new notes, plus any accrued and unpaid interest to the date of repurchase.</p>
Certain Covenants	<p>The indenture governing the new notes contains covenants that, among other things, will limit our ability and the ability of our restricted subsidiaries to:</p> <ul style="list-style-type: none"><li>sell assets;</li><li>pay distributions on, purchase or redeem our units or purchase or redeem our subordinated debt;</li><li>make investments;</li><li>incur or guarantee additional indebtedness or issue preferred units;</li><li>create or incur certain liens;</li><li>enter into agreements that restrict distributions or other payments from our restricted subsidiaries to us;</li><li>consolidate, merge or transfer all or substantially all of our assets;</li><li>engage in transactions with affiliates;</li><li>create unrestricted subsidiaries; and</li><li>engage in certain business activities.</li></ul>



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Absence of Established Market for the New Notes

These covenants are subject to important exceptions and qualifications that are described under "Description of Notes." If the new notes achieve an investment grade credit rating from each of Moody's Investors Service, Inc. and Standard & Poor's Ratings Services (or if either such entity ceases to rate the notes for reasons outside of the Company's control, the equivalent investment grade credit rating from any other "nationally recognized statistical rating organization" within the meaning of the Exchange Act selected by the Company as a replacement agency), many of these covenants will terminate.

The new notes generally will be freely transferable and will be fungible with the notes originally issued under the indenture governing the notes. There can be no assurance as to the development, maintenance or liquidity of any market for the new notes.

We do not intend to apply for a listing of the new notes on any securities exchange or for the inclusion of the new notes on any automated dealer quotation system.

**Ratio of Earnings to Fixed Charges**

The following table presents the ratios of earnings to fixed charges and preferred distributions of the Partnership for the periods indicated. For purposes of computing the ratios of earnings to fixed charges, earnings consist of income from continuing operations before adjustment for equity income from equity method investees plus fixed charges and distributed income from investees accounted for under the equity method. Fixed charges consist of interest expensed and an estimated interest component of rent expense.

	Legacy Reserves LP					Nine Months Ended September 30, 2014
	Year Ended December 31,					
	2009	2010	2011	2012	2013	
Ratio of earnings to fixed charges	(1)	1.61X	4.53X	4.04X	(2)	1.96X
Ratio of earnings to fixed charges and preferred distributions	(1)	1.61X	4.53X	4.04X	(2)	1.73X

(1) Earnings were insufficient to cover fixed charges, and fixed charges exceeded earnings by approximately \$92.3 million. No preferred distributions were paid during this period.

(2) Earnings were insufficient to cover fixed charges, and fixed charges exceeded earnings by approximately \$34.3 million. No preferred distributions were paid during this period.



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**RISK FACTORS**

*An investment in the notes involves various material risks. Prior to making a decision about investing in the notes, and in consultation with your own financial and legal advisors, you should carefully consider, among other matters, the following risk factors, as well as those described under the heading "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2013 and the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2013 and in our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2014, June 30, 2014 and September 30, 2014, each of which is incorporated by reference in this prospectus, and in other filings we may make from time to time with the SEC.*

**Risks Related to Investing in the New Notes**

*If you do not properly tender your old notes, you will continue to hold unregistered old notes and your ability to transfer old notes will remain restricted and may be adversely affected.*

We will only issue new notes in exchange for old notes that you timely and properly tender. Therefore, you should allow sufficient time to ensure timely delivery of the old notes, and you should carefully follow the instructions on how to tender your old notes. Neither we nor the exchange agent is required to tell you of any defects or irregularities with respect to your tender of old notes.

If you do not exchange your old notes for new notes pursuant to the exchange offer, the old notes you hold will continue to be subject to the existing transfer restrictions. In general, you may not offer or sell the old notes except under an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We do not plan to register old notes under the Securities Act unless our registration rights agreement with the initial purchasers of the old notes requires us to do so. Further, if you continue to hold any old notes after the exchange offer is consummated, you may have trouble selling them because the principal amount of the currently outstanding old notes may be reduced as a result of the exchange offer.

*Our revolving credit facility has substantial restrictions and financial covenants that may restrict our business and financing activities and our ability to make payments on the new notes.*

Our revolving credit facility limits the amounts we can borrow to a borrowing base amount, determined by the lenders in their sole discretion based on their valuation of our proved reserves and their internal criteria. The borrowing base is redetermined semi-annually and the available borrowing amount could be decreased as a result of such redeterminations. Decreases in the available borrowing amount could result from declines in oil and natural gas prices, operating difficulties or increased costs, declines in reserves, lending requirements or regulations or certain other circumstances. Our borrowing base is currently set at \$950.0 million. As of September 30, 2014, approximately \$370 million of borrowings were outstanding under our revolving credit facility. Our next scheduled borrowing base redetermination will be in April 2015.

A future decrease in our borrowing base could be substantial and could be to a level below our outstanding borrowings. Outstanding borrowings in excess of the borrowing base are required to be repaid within 120 days following notice from the administrative agent of the new or adjusted borrowing base. If we do not have sufficient funds on hand for repayment, we may be required to seek a waiver or amendment from our lenders, refinance our revolving credit facility or sell assets or debt or units. We may not be able to obtain such financing or complete such transactions on terms acceptable to us, or at all. Failure to make the required repayment could result in a default under our revolving credit facility, which could adversely affect our business, financial condition and results of operations. A default under our revolving credit facility could cause all of our existing indebtedness, including the

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new notes, the Initial 2021 Senior Notes and the 2020 Senior Notes, to be immediately due and payable.

The operating and financial restrictions and covenants in our revolving credit facility restrict, and any future financing agreements likely will restrict, our ability to finance future operations or capital needs or to engage, expand or pursue our business activities or to pay distributions. Our revolving credit facility restricts, and any future revolving credit facility likely will restrict, our ability to:

incur indebtedness;

enter into certain leases;

grant certain liens;

enter into certain derivatives;

make certain loans, acquisitions, capital expenditures and investments;

make distributions other than from available cash;

merge, consolidate or allow any material change in the character of our business; or

engage in certain asset dispositions, including a sale of all or substantially all of our assets.

Our revolving credit facility restricts our ability to make distributions to our limited partners or repurchase limited partner interests, unless after giving effect to such distribution or repurchase no Event of Default (as defined in our revolving credit facility) exists. While we currently are not restricted by our revolving credit facility from declaring a distribution, we may be restricted from paying a distribution in the future.

We are also required to comply with certain financial covenants and ratios under the revolving credit facility. We may not be able to comply with these restrictions and covenants in the future and our ability to do so will be affected by the levels of cash flow from our operations and events or circumstances beyond our control, such as any potential disruptions in the financial markets. If we violate any of the restrictions, covenants, ratios or tests in our revolving credit facility, a significant portion of our indebtedness may become immediately due and payable, our ability to make distributions will be inhibited and our lenders' commitment to make further loans to us may terminate. We might not have, or be able to obtain, sufficient funds to make these accelerated payments. In addition, our obligations under our revolving credit facility are secured by substantially all of our assets, and if we are unable to repay our indebtedness under our revolving credit facility, the lenders can seek to foreclose on our assets.

### ***Restrictive covenants under our indentures may adversely affect our operations.***

Each of the indenture governing the new notes and the indenture governing our 2020 Senior Notes contains, and any future indebtedness we incur may contain, a number of restrictive covenants that will impose significant operating and financial restrictions on us, including restrictions on our ability to, among other things:

sell assets, including equity interests in our restricted subsidiaries;

pay distributions on, redeem or purchase our limited partner interests or redeem or purchase our subordinated debt;

make investments;

incur or guarantee additional indebtedness or issue preferred units;

create or incur certain liens;

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enter into agreements that restrict distributions or other payments from our restricted subsidiaries to us;

consolidate, merge or transfer all or substantially all of our assets;

engage in transactions with affiliates;

create unrestricted subsidiaries; and

engage in certain business activities.

As a result of these covenants, we are limited in the manner in which we conduct our business, and we may be unable to engage in favorable business activities or finance future operations or capital needs.

A failure to comply with the covenants in either the indenture governing the notes or, the indenture governing our 2020 Senior Notes, or any future indebtedness could result in an event of default under such indentures, our revolving credit facility or the future indebtedness, which, if not cured or waived, could have a material adverse effect on our business, financial condition and results of operations. In addition, complying with these covenants may also cause us to take actions that are not favorable to holders of the notes and may make it more difficult for us to successfully execute our business strategy and compete against companies who are not subject to such restrictions.

***We may not be able to generate enough cash flow to meet our debt obligations.***

We expect our earnings and cash flow to vary significantly from year to year due to the cyclical nature of our industry. As a result, the amount of debt that we can manage in some periods may not be appropriate for us in other periods. Additionally, our future cash flow may be insufficient to service our debt obligations and commitments, including the new notes. Any insufficiency could negatively impact our business. A range of economic, competitive, business and industry factors will affect our future financial performance and, as a result, our ability to generate cash flow from operations and to service our debt obligations, including the new notes. Many of these factors, such as oil and natural gas prices, economic and financial conditions in our industry and the global economy or competitive initiatives of our competitors, are beyond our control.

If we do not generate enough cash flow from operations to satisfy our debt obligations, we may have to undertake alternative financing plans, such as:

refinancing or restructuring our debt;

selling assets;

reducing or delaying capital investments; or

seeking to raise additional capital.

However, we cannot assure you that undertaking alternative financing plans, if necessary, would allow us to meet our debt obligations. Our inability to generate sufficient cash flow to service and satisfy our debt obligations, including our obligations under the new notes, or to obtain alternative financing, could materially and adversely affect our ability to make payments on the new notes and our business, financial condition, results of operations and prospects.

***We distribute all of our available cash to our unitholders after reserves are established by our general partner, and we are not required to accumulate cash for the purpose of meeting our future obligations to our noteholders, which may limit the cash available to service the new notes.***

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Subject to the limitations on restricted payments contained in the indenture governing the new notes, the indenture governing our 2020 Senior Notes and in our revolving credit facility, our

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partnership agreement requires us to distribute all of our "available cash" each quarter to our unitholders. "Available cash" is defined in our partnership agreement, and it generally means, for each fiscal quarter, all cash and cash equivalents on the date of determination of available cash for that quarter, less the amount of any cash reserves established by our general partner to:

provide for the proper conduct of our business;

comply with applicable law, the terms of any of our debt instruments or other agreements; or

provide funds for distributions to our unitholders and to our general partner for any one or more of the next four quarters.

As a result, we do not expect to accumulate significant amounts of cash. In addition, we are required to make monthly cash distributions on our 8% Series A Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units and our 8.00% Series B Fixed-to-Floating Rate Cumulative Redeemable Perpetual Preferred Units, which further reduces our cash on hand. In conjunction with the closing of our acquisition of certain oil and natural gas properties in the Piceance Basin, we issued incentive distribution units to WPX Energy Rocky Mountain, LLC, a subsidiary of WPX Energy, Inc. and our partnership agreement was amended to substantially revise our cash distribution policy. Depending on the timing and amount of our cash distributions, these distributions could significantly reduce the cash available to us in subsequent periods to make interest payments on the new notes.

***The new notes and the guarantees are unsecured and effectively or structurally subordinated to our and our subsidiary guarantors' existing and future secured indebtedness.***

The new notes and the guarantees are our general unsecured senior obligations ranking effectively junior in right of payment to all existing and future secured debt of ours including obligations under our revolving credit facility, to the extent of the value of the collateral securing such debt. In addition, the guarantees are our subsidiary guarantors' general unsecured senior obligations ranking structurally junior in right of payment to all existing and future secured debt of our subsidiary guarantors, including obligations under our revolving credit facility, to the extent of the value of the collateral securing such debt. As of September 30, 2014, we had \$370 million of senior secured indebtedness outstanding under our revolving credit facility, to which extent the new notes will be effectively subordinated, and approximately \$579.9 million (after deducting \$0.1 million of outstanding letters of credit) of additional borrowing capacity under our revolving credit facility.

If we or a subsidiary guarantor is declared bankrupt, becomes insolvent or is liquidated or reorganized, any secured debt of ours or of any subsidiary guarantor will be entitled to be paid in full from our assets or the assets of such guarantor, as applicable, securing that debt before any payment may be made with respect to the new notes or the affected guarantees. Holders of the new notes will participate ratably with all holders of our unsecured indebtedness that does not rank junior to the new notes, including the holders of the Initial 2021 Senior Notes and the 2020 Senior Notes and all of our other general creditors, based upon the respective amounts owed to each holder or creditor, in our remaining assets. In any of the foregoing events, we cannot assure you that there will be sufficient assets to pay amounts due on the new notes. As a result, holders of the new notes would likely receive less, ratably, than holders of secured indebtedness.

***Not all of our subsidiaries will guarantee the new notes. Your right to receive payments on the notes could be adversely affected if any of our non-guarantor subsidiaries declares bankruptcy, liquidates or reorganizes.***

Although all of our existing subsidiaries, other than the co-issuer and our equity method investees in which we own a non-controlling interest, will initially guarantee the new notes, in the future, under certain circumstances, the guarantees are subject to release, and we may have other subsidiaries in the future that are not guarantors. Thus, the new notes will be effectively junior to the claims of all

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creditors, including trade creditors and tort claimants, of our subsidiaries that are not guarantors. In the event of the liquidation, dissolution, reorganization, bankruptcy or similar proceedings respecting the business of a subsidiary that is not a guarantor, creditors of that subsidiary would generally have the right to be paid in full before any distribution is made to us or the holders of the new notes. Accordingly, there may not be sufficient funds remaining to pay amounts due on all or any of the new notes.

***Our variable rate indebtedness subjects us to interest rate risk, which could cause our debt service obligations to increase significantly.***

Borrowings under our revolving credit facility bear interest at variable rates and expose us to interest rate risk. If interest rates increase and we are unable to effectively hedge our interest rate risk, our debt service obligations on the variable rate indebtedness would increase even if the amount borrowed remained the same, and our net income and cash available for servicing our indebtedness would decrease. As of September 30, 2014, if the variable interest rate increases or decreases by 0.125%, our annual debt service obligations on our variable rate debt would increase or decrease by approximately \$0.3 million, assuming our current interest rate hedges remain in place and do not expire. As of September 30, 2014, our annual debt service obligations on \$104 million of our variable rate debt is fixed due to our interest rate hedges.

***Our debt levels may limit our flexibility to obtain additional financing and pursue other business opportunities.***

We have substantial indebtedness. As of September 30, 2014, our total principal amount of long-term debt was approximately \$1.2 billion, not including the old notes.

Our existing and future indebtedness could have important consequences to us and to the holders of the notes, including:

our ability to obtain additional financing, if necessary, for working capital, capital expenditures, acquisitions or other purposes may be impaired or such financing may not be available on terms acceptable to us;

covenants in our existing and future credit and debt arrangements will require us to meet financial tests that may affect our flexibility in planning for and reacting to changes in our business, including possible acquisition opportunities;

our access to the capital markets may be limited;

our borrowing costs may increase;

we will need a substantial portion of our cash flow to make principal and interest payments on our indebtedness, reducing the funds that would otherwise be available for operations, future business opportunities and distributions to unitholders; and

our debt level will make us more vulnerable than our competitors with less debt to competitive pressures or a downturn in our business or the economy generally.

Our ability to service