

LEGACY RESERVES L P

Form DEF 14A

April 27, 2007

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**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

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for use of the Commission only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-12

Legacy Reserves LP  
(Name of Registrant as Specified In Its Charter)

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

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  - (4) Proposed maximum aggregate value of transaction:
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- o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**Legacy Reserves LP  
303 W. Wall, Suite 1400  
Midland, Texas 79701**

April 27, 2007

To Our Limited Partners:

You are cordially invited to attend the 2007 Annual Meeting of Limited Partners of Legacy Reserves LP to be held on May 30, 2007 commencing at 10:00 a.m. local time at the Petroleum Club of Midland located at 501 West Wall at Marienfeld. 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 27, 2007. We have also enclosed our 2006 Annual Report on Form 10-K for the fiscal year ended December 31, 2006.

The board of directors of our general partner has called this Annual Meeting for you to consider and act upon the election of directors of our general partner's board of directors to serve until the next Annual Meeting of Limited Partners. The current board of directors of our general partner unanimously recommends that you approve this proposal.

Even if you plan to attend the meeting, you are requested to sign, date and return the proxy card in the enclosed envelope. If you attend the meeting after having returned the enclosed proxy card, 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  
Chief Executive Officer and Chairman of the  
Board, Legacy Reserves GP, LLC, general  
partner of Legacy Reserves LP

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**Legacy Reserves LP  
303 W. Wall, Suite 1400  
Midland, Texas 79701**

**NOTICE OF THE 2007  
ANNUAL MEETING OF UNITHOLDERS**

The Annual Meeting of the Limited Partners of Legacy Reserves LP, or the Partnership, will be held on Wednesday, May 30, 2007, at 10:00 a.m. local time at the Petroleum Club of Midland located at 501 West Wall at Marienfeld, 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 Limited Partners; and
2. 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 April 20, 2007, 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 1400, Midland, Texas 79701. Unitholders holding at least a majority of the outstanding units representing limited partnership interests are required to be present or represented by proxy at the meeting to constitute a quorum.

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 9:00 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  
Chief Executive Officer and Chairman of the  
Midland, Texas Board, Legacy Reserves GP, LLC, general  
April 27, 2007 partner of Legacy Reserves LP

**YOUR VOTE IS IMPORTANT**

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To ensure your representation at the meeting, please sign, date and return your proxy as promptly as possible. An envelope, which requires no postage if mailed in the United States, is enclosed for this purpose.

Mailing your completed proxy will ensure your representation at the meeting, whether you attend or not.

If you do attend the meeting and prefer to vote in person, you may do so.

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Annual Meeting of Limited Partners of  
LEGACY RESERVES LP  
To Be Held on Wednesday, May 30, 2007**

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**Legacy Reserves LP  
303 W. Wall, Suite 1400  
Midland, Texas 79701**

**PROXY STATEMENT  
FOR THE 2007 ANNUAL MEETING OF LIMITED PARTNERS  
TO BE HELD ON MAY 30, 2007**

**QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING**

**The Annual Meeting**

Unless otherwise indicated, the terms Partnership, 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.

**Why did you send me this Proxy Statement?**

We sent you this proxy statement and the enclosed proxy card because the board of directors of our general partner on behalf of Legacy Reserves LP is soliciting your proxy to vote at the 2007 Annual Meeting of Limited Partners. This question and answer section summarizes selected information contained elsewhere in this proxy statement, but does not contain all of the information that may be important to you. We urge you to read the entire proxy statement carefully.

You do not need to attend the Annual Meeting to vote. Instead, you may simply complete, sign and return the enclosed proxy card.

**When and where is the Annual Meeting?**

The 2007 Annual Meeting of Limited Partners of Legacy Reserves LP will be held on Wednesday, May 30, 2007, at 10:00 a.m., local time, at the Petroleum Club of Midland located at 501 West Wall at Marienfeld.

**What am I being asked to vote upon?**

You are being asked to approve the election of the directors nominated to our general partner's board of directors to serve until the next Annual Meeting of Limited Partners, and to 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 April 20, 2007, 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. We are mailing this proxy statement to unitholders on or about April 27, 2007.

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### **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 general partner's board of directors on behalf of Legacy Reserves LP is soliciting proxies to be voted at the Annual Meeting.

### **How do I vote by proxy?**

Whether you plan to attend the Annual Meeting or not, 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.

If you properly fill in your proxy card and send it to us in time to vote, your proxy (Steven H. Pruett or William M. Morris the individuals named as proxies on your proxy card) will vote your Units as you have directed. Unless otherwise directed in the proxy card, your proxy will vote your Units **for** the election of the seven director nominees proposed by our general partner's board of directors.

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 went to press, we knew of no matters that needed to be acted on at the Annual Meeting other than those discussed in this proxy statement.

### **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:

First, you can send a written notice in advance of the meeting to our Secretary at 303 W. Wall, Suite 1400, Midland, Texas 79701, stating that you would like to revoke your proxy.

Second, you can complete and submit a later-dated proxy card.

Third, 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.

### **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 may do this by contacting our transfer agent, Computershare Trust Company, N.A., P.O. Box 43078, Providence, RI 02940-3078, Telephone: (781) 575-4238.

**How do I vote in person?**

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.

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**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 April 16, 2007, there were 26,066,596 Units outstanding held by approximately 4,270 persons. Unitholders are entitled to one vote, exercisable in person or by proxy, for each Unit, held by such Unitholder on the record date.

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 must the nominees have to be elected?**

The affirmative vote of holders of a plurality of the Units present or represented by proxy at the meeting and entitled to vote is required for the election of each director nominee. Therefore, abstentions and broker non-votes will not be taken into account in determining the outcome of the election of directors.

**How are proxies solicited?**

Proxies may be solicited by mail, telephone, or other means by our general partner's officers, 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 the procedures for voting your units, you should contact:

Legacy Reserves LP  
303 N. Wall, Suite 1400  
Midland, Texas 79701  
Attention: Steven H. Pruett  
President, Chief Financial Officer and Secretary

**PROPOSAL 1**

**ELECTION OF DIRECTORS**

**Board of Directors**

The Amended and Restated Limited Liability Company Agreement of our general partner provides that our general partner's 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 general partner's 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.

**Table of Contents****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. Shares 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 shares will be voted for the election of such substitute nominee as may be nominated by our general partner's 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 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 general partner's 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 for each person nominated for a one-year term expiring at the 2008 Annual Meeting. Each of the director nominees is an existing director standing for re-election.

**Nominees for Election**

| <b>Name</b>   | <b>Principal Occupation</b>   | <b>Age</b> | <b>Director Since</b> |
|---------------|---|------------|-----------------------|
| Cary D. Brown | Mr. Brown is Chairman of the board of directors of our general partner and Chief Executive Officer of our general partner and has served in such capacities since our founding in October 2005. 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 Strategies, Inc. since its inception in 1991. Mr. Brown served as an auditor for Grant Thornton in Midland, Texas from January 1990 to June 1991 and for Deloitte & Touche in Houston, Texas from June 1989 to December 1989. Mr. Brown is a certified public accountant. In 1995, Mr. Brown also founded and organized The Executive Oil Conference held in Midland, Texas, which draws over | 40         | October 2005          |



300 oil and natural gas industry professionals each year. Mr. Brown has a Bachelors of Business Administration, with honors, from Abilene Christian University. Mr. Brown has 17 years of experience in the oil and natural gas industry with 15 years of experience in the Permian Basin.

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| <b>Name</b>       | <b>Principal Occupation</b>  | <b>Age</b> | <b>Director Since</b> |
|-------------------|--|------------|-----------------------|
| Kyle A. McGraw    | Mr. McGraw is a member of the board of directors of our general partner and also serves as the Executive Vice President Business Development and Land of our general partner and has served in such capacities since our founding in October 2005. 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 has served in numerous capacities including reservoir and production engineering, acquisition evaluation and land management. Mr. McGraw is a registered professional engineer (inactive status) in the state of Texas. Mr. McGraw has a Bachelor of Science in Petroleum Engineering from Texas Tech University. Mr. McGraw has 24 years of experience in the oil and natural gas industry in the Permian Basin.  | 47         | October 2005          |
| Dale A. Brown     | Mr. Brown is a member of the board of directors of our general partner 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. Mr. Brown is a certified public accountant. Mr. Brown has a Bachelor of Science in Accounting from Pepperdine University.  | 64         | October 2005          |
| G. Larry Lawrence | Mr. Lawrence has been a member of the board of directors of our general partner since May 1, 2006. Since June 2006, Mr. Lawrence has been self-employed as a management consultant doing business as Crescent Consulting. 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 (ARCO) where he most recently (from 1993 through 2000) served as Controller of ARCO Permian. Mr. Lawrence has a Bachelor of Arts in Accounting, with honors, from Dillard University. | 55         | May 2006              |



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| <b>Name</b>                | <b>Principal Occupation</b>  | <b>Age</b> | <b>Director Since</b> |
|----------------------------|--|------------|-----------------------|
| William D. (Bill) Sullivan | Mr. Sullivan was appointed to the board of directors of our general partner upon completion of our private equity offering on March 15, 2006. Since May 2004, Mr. Sullivan has served as a director of St. Mary Land & Exploration Company, a publicly traded exploration and production company and Targa Resources GP, LLC, (the general partner of Targa Resource Partners LP) since February 14, 2007. From May 2004 through its sale in August 2005, Mr. Sullivan served as a director of Gryphon Exploration Company, a privately held exploration and production company. Prior to joining the board of directors of St. Mary Land & Exploration Company and Gryphon Exploration Company, Mr. Sullivan was employed in various capacities by Anadarko Petroleum Corporation from 1981 to August 2003, most recently as Executive Vice President, Exploration and Production (from August 2001 through August 2003). From June 15, 2005 to August 5, 2005, Mr. Sullivan was president and CEO of Leor Energy L.P., a privately held exploration and production company. Mr. Sullivan has a Bachelor of Science in Mechanical Engineering, with high honors, from Texas A&M University. | 50         | March 2006            |
| S. Wil VanLoh, Jr.         | Mr. VanLoh is a member of the board of directors of our general partner and has served in such capacity since our founding in October 2005. Since 1997, Mr. VanLoh has been Managing Partner of Quantum Energy Partners, a private equity firm specializing in the energy industry. Prior to co-founding Quantum Energy Partners in 1997, Mr. VanLoh co-founded Windrock Capital, Ltd., an energy investment banking firm specializing in raising private equity and providing merger, acquisition and divestiture advice for energy companies. Between 1992 and 1993, Mr. VanLoh was an investment banking analyst in Kidder, Peabody & Co.'s Natural Resources Group and also with NationsBank Investment Banking. Mr. VanLoh currently serves on the boards of a number of portfolio companies of Quantum Energy Partners, all of which are private energy companies. Mr. VanLoh currently serves as a board member and treasurer of the Houston Producers Forum and a member of the IPAA Finance Committee. Mr. VanLoh has a Bachelor of Business Administration from Texas Christian University.  | 36         | October 2005          |

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| <b>Name</b>  | <b>Principal Occupation</b>  | <b>Age</b> | <b>Director Since</b> |
|--------------|--|------------|-----------------------|
| Kyle D. Vann | Mr. Vann was appointed to the board of directors of our general partner upon completion of our private equity offering on March 15, 2006. From 1979 through December 2004 Mr. Vann was employed by Koch Industries most recently serving as Chief Executive Officer of Entergy Koch, LP, an energy trading and transportation company, from its inception in February 2001 through its sale at year end 2004. Mr. Vann continues to serve Entergy as a consultant and serves on the board of 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. Mr. Vann has a Bachelor of Science in Chemical Engineering from the University of Kansas. | 59         | March 2006            |

**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 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 annually elect all of the directors of our general partner. 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, 2006, our general partner's board of directors held eight meetings. Each director attended at least 75% of the aggregate number of meetings of the board of directors. It is the policy of our general partner's board of directors to encourage directors to attend each meeting of unitholders. Because our initial public offering closed in January of 2007, we did not hold an Annual Meeting in 2006.

**Director Independence**

Three members of the board of directors of our general partner serve on a conflicts committee to review specific matters that the board believes may involve conflicts of interest. The conflicts committee will determine if the resolution of the conflict of interest is fair and reasonable to us. The members of the conflicts committee may not be officers or employees of our general partner or directors, officers, or employees of its affiliates, and must meet the independence and experience standards established by any national securities exchange on which our securities may be listed and the Securities Exchange Act of 1934, as amended, or Exchange Act, and other federal securities laws. Under NASDAQ Global Market, or NASDAQ, listing

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standards the board of directors must affirmatively determine that a director is independent. Any matters approved by the conflicts 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. In addition, the board of directors of our general partner has an audit committee of three directors who meet the independence and experience standards established by NASDAQ and the Exchange Act. The audit committee will review our external financial reporting, recommend engagement of our independent auditors and review procedures for internal auditing and the adequacy of our internal accounting controls. The board of directors of our general partner also has a compensation committee, consisting of three independent members, that administers the Legacy Reserves LP Long-Term Incentive Plan, or LTIP. Additionally, the board of directors of our general partner has a nominating and governance committee, consisting of three independent members, that will nominate candidates to serve on the board of directors of our general partner.

Independent members of the board of directors of our general partner serve as the members of the conflicts (Messrs. Sullivan (chairman), Lawrence and Vann), audit (Messrs. Lawrence (chairman), Sullivan and VanLoh), compensation (Messrs. Vann (chairman), VanLoh and Sullivan) and nominating and governance (Messrs. Sullivan (chairman), Lawrence and Vann) committees. We are not required to have a majority of independent directors on the board of directors of our general partner; however, we currently have a majority of independent directors on the board of directors of our general partner.

### ***Audit Committee***

#### ***Membership***

The audit committee has been established in accordance with Section 10A-3 of the Exchange Act. The board of directors of our general partner has appointed Messrs. Lawrence, Sullivan and VanLoh as members of the audit committee. Each of the members of the audit committee have 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 401 of Regulation S-K and NASDAQ requirements.

The audit committee met two times, the compensation committee met two times, the nominating and governance committee did not meet as we were not public in 2006, and the conflicts committee met once during 2006. Each director attended at least 75% of the aggregate number of meetings of the committees of the board of directors on which he served during 2006.

#### ***Responsibilities***

The audit committee assists the general partner's 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 of the general partner and preparing any reports that may be required under rules of NASDAQ or the Securities and Exchange Commission, or SEC.

*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](http://www.legacylp.com). Please note that the preceding Internet address is for information purposes only



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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. Sullivan, VanLoh and Vann, all of whom have been determined by the board of directors of our general partner 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 of the Exchange Act, and as an outside director within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended. Mr. Vann is the chair 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 the 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,

Periodically review the compensation paid to non-employee directors (including board and committee chairpersons) and to 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, 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](http://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 and Governance Committee***

*Membership*

The nominating and governance committee consists of Messrs. Lawrence, Sullivan and Vann. Mr. Sullivan serves as the chair 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 nominating and governance 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,

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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),

evaluate annually, based on input from the entire board, the performance of the general partner's Chief Executive Officer and report the results of the evaluation to the compensation committee, and

oversee the evaluations of the board, the committees of the board and management.

*Responsibilities*

In addition to the purposes of the board listed above, the duties of the nominating and governance committee include:

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,

adopt a policy regarding the consideration of any director candidates recommended by unitholders of the Partnership and the procedures to be followed by such 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) role of the general partner's executive officers and the outside directorships of such directors.

*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.

Recommendations by unitholders for directors to be nominated at the 2008 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 no later than January 31, 2008 or earlier than January 16, 2008.

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 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, to be considered for inclusion in the proxy materials for the 2008 annual meeting of unitholders, unitholder proposals must be received by our Secretary at our principal offices in Midland, Texas by January 31, 2008. Unitholders are urged to review all applicable rules and consult legal counsel before submitting a nomination or proposal to us.

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*Nomination Criteria*

The nominating and governance committee is responsible for assessing the skills and characteristics that candidates for election to our general partner's board of directors should possess, as well as the composition of our general partner's board of directors as a whole. The assessments include qualifications under applicable independence standards and other standards appl