BERRY PETROLEUM CO
Form 11-K
June 20, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

(Mark One)

x	**ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Fiscal Year Ended December 31, 2012

OR

o	**TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)**

For the Transition Period From

Commission File Number 1-9735

A.	**Full title of the Plan and the address of the Plan, if different from that of the issuer named below:**

BERRY PETROLEUM COMPANY THRIFT PLAN

B.	**Name of issuer of the securities held pursuant to the Plan and the address of its principal executive office:**

Berry Petroleum Company

1999 Broadway, Ste 3700

Denver, CO 80202

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BERRY PETROLEUM COMPANY

THRIFT PLAN

FINANCIAL STATEMENTS

AND SUPPLEMENTAL SCHEDULE

(With Report of Independent Registered Public Accounting Firm)

December 31, 2012 and 2011

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BERRY PETROLEUM COMPANY THRIFT PLAN

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Benefit Plans Committee of the

Berry Petroleum Company Thrift Plan

Denver, Colorado

We have audited the accompanying statements of net assets available for benefits of the Berry Petroleum Company Thrift Plan (the Plan) as of December 31, 2012 and 2011, and the related statement of changes in net assets available for benefits for the year ended December 31, 2012. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Berry Petroleum Company Thrift Plan as of December 31, 2012 and 2011, and the changes in net assets available for benefits for the year ended December 31, 2012, in conformity with accounting principles generally accepted in the United States of America.

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Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2012, is presented for the purpose of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. Such information is the responsibility of the Plan s management and has been derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

/s/ EKS&H LLLP

EKS&H LLLP

June 20, 2013
Denver, Colorado

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BERRY PETROLEUM COMPANY THRIFT PLAN

Statements of Net Assets Available for Benefits

December 31, 2012 and 2011

	2012	2011
ASSETS:		
Investments, at fair value:		
Shares in registered investment companies	$ 27,386,973	$ 23,575,856
Common and collective trust	6,137,286	5,308,462
Common stock of plan sponsor	7,086,098	8,463,302
Total investments at fair value	40,610,357	37,347,620
Notes receivable from participants	1,093,364	913,801
Net assets available for benefits, at fair value	41,703,721	38,261,421
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(172,965)	(134,522)
Net assets available for benefits, at contract value	$ 41,530,756	$ 38,126,899

The accompanying notes are an integral part of these financial statements.

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BERRY PETROLEUM COMPANY THRIFT PLAN

Statement of Changes in Net Assets Available for Benefits

Year Ended December 31, 2012

Additions to (deductions from) net assets attributable to:		
Contributions:		
Employer	$	2,062,553
Participants		2,970,906
Rollovers		611,207
Total contributions		5,644,666
Investment income		
Interest and dividends		959,632
Interest from participant loans		40,963
Net appreciation in fair value of investments		1,339,431
Net investment income		2,340,026
Deductions:		
Benefits paid to participants		(4,555,702)
Administrative fees		(25,133)
Total deductions		(4,580,835)
Net increase in net assets		3,403,857
Net assets available for benefits:		
Beginning of year		38,126,899
End of year	$	41,530,756

The accompanying notes are an integral part of these financial statements.

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BERRY PETROLEUM COMPANY THRIFT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 1. Description of Plan

The following description of the Berry Petroleum Company Thrift Plan (the Plan) is provided for general information purposes only. Participants should refer to the Plan Agreement for more complete information.

General

The Plan is sponsored and administered by Berry Petroleum Company (the Company, Plan Sponsor, or Plan Administrator). The Plan is a defined contribution plan under Section 401(a) of the Internal Revenue Code (the Code), which includes a cash or deferred arrangement under 401(k) of the Code, and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

Administration

The Benefit Plans Committee (the Committee), appointed by the Board of Directors of the Company and consisting of at least three members, has the authority to control and manage operation and administration of the Plan. The Plan assets are held under a trust for which Fidelity Management Trust Company (Fidelity) acts as trustee and are administered under a trust agreement that requires that the trustee hold, administer, and distribute the funds of the Plan in accordance with the Plan document and the instructions of the Committee or its designees. Certain administrative expenses are paid by the Company.

Contributions

All new employees are automatically enrolled into the Plan after 30 days at the automatic enrollment percentage of 8% of eligible compensation, unless they make an election to participate in the Plan, which they can do at 1% to 60% of their eligible compensation, as defined in the Plan Agreement. The Company match consists of a 100% match of each participant s contribution up to the first 8% of the participant s eligible compensation.

Participant and employer contributions are subject to statutory limitations, which for 2012 and 2011 were $17,000 and $16,500, respectively, for employee contributions and $50,000 and $49,000, for total employee and employer contributions, respectively. Employees who have attained the age of 50 by the end of the Plan year are eligible to make an additional catch-up contribution, for which the limit was $5,500 for 2012 and 2011. Participants vest immediately in their contributions, and vesting in employer contributions is at a rate of 20% per year of service. In addition, participants may elect to contribute a percentage of eligible compensation into the Plan on an after-tax basis or as noted above as a Roth 401(k) contribution. After-tax contributions are subject to special Code rules that must be satisfied and reduce the maximum amount a participant may contribute. Any contributions that adversely affect the Plan s non-discrimination tests may be refused or refunded.

Contributions made by or on behalf of Plan participants are invested as directed by the participants and held under a trust agreement in one or more of the investment options as directed by participants in accordance with the provisions of the Plan Agreement.

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BERRY PETROLEUM COMPANY THRIFT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 1. Description of Plan, continued

Investment Funds

In conjunction with the Committee s role in managing the Plan and the Plan s investments in a manner consistent with the best practices of other plans of comparable size, the Committee made the following changes to the Plan s investments in 2012: 1) effective August 1, 2012, the Wells Fargo Advantage Common Stock I Fund was added to replace the CRM Mid Cap Value Fund and 2) effective November 8, 2012, the Van Eck Global Hard Assets I Fund was added as an investment option.

The investment selections available to participants at December 31, 2012 are as follows:

[redacted]

(1) The entire range of Freedom Funds is available and comprises the Freedom 2000, 2005, 2010, 2015, 2020, 2025, 2030, 2035, 2040, 2045, 2050, and 2055.

The following investments had fair values at December 31, 2012 and 2011 representing more than 5% of net assets available for benefits:

	2012	2011
Berry Petroleum Company Common Stock	$ 7,086,098(a)	$ 8,463,302(a)
Wells Fargo Stable Value Fund	6,137,286(b)	5,308,462
Fidelity Contrafund K	3,067,430	2,636,482
Fidelity Diversified International K Fund	2,390,852	2,250,154

(a) Investment balances include money market funds of $1,223 and $1,163 at December 31, 2012 and 2011, respectively. As of October 1, 2011, the Berry Petroleum Company Stock Fund was liquidated and all funds were transferred over to real-time trading accounts on behalf of the participants and all funds were invested in shares of Berry Petroleum Company Stock.

(b) The schedule reflects the fair value. The contract value of the investment at December 31, 2012 and 2011 was $5,964,321 and $5,173,940, respectively. Prior to December 7, 2011, this investment consisted of the Fidelity Managed Income Portfolio Fund. After that date, all funds were moved over to the Wells Fargo Stable Value Fund. The common collective trust has a weighted average maturity of two years and an average return of 2.15%.

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BERRY PETROLEUM COMPANY THRIFT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 1. Description of Plan, continued

Participant Accounts

Participants can access their accounts at any time with Fidelity s Net Benefits online service. Each participant account is credited with the participant s and the Company s contributions and the allocation of any Plan earnings or losses and Plan expenses. Earnings or losses are allocated on a fund-by-fund basis. Allocations are based on the ratio of the participant s account balance in each investment option to the total assets of the investment option. Forfeitures may be used to reduce the amount the Company is required to fund for matching contributions. The Plan had a balance of forfeitures at December 31, 2012 and 2011 of $7,595 and $4,872, respectively. For the year ended December 31, 2012, $286,134 of forfeitures were applied to reduce employer matching contributions and pay Plan expenses.

Participant Loans

Participants are entitled to borrow from their vested account balances in amounts from $1,000 to $50,000, but not in excess of 50% of their vested account balances. Interest is computed based on the prime rate in *The Wall Street Journal* on the date of the application, plus 1%, ranging from 4.25% to 9.25% as of December 31, 2012. These loans are collateralized by the balance in the participant s account and mature at various dates through 2022. A maximum of two loans can be outstanding at any one time. Principal and interest is paid ratably through payroll deductions or through lump-sum payments by the participant over a period of one to five years, unless the loan is for the purchase of a principal residence, in which case the loan may be repaid over a period of ten years. Each loan is supported by a promissory note with the participant s account balance as collateral. In the event of default, death, disability or termination of employment, the entire outstanding principal balance and accrued interest becomes immediately due and payable.

Hardship Withdrawals

The Plan allows for hardship withdrawals to pay certain housing, health, or education expenses if the participant does not have other funds available for these expenses. Internal Revenue Service (IRS) regulations require that a participant cannot make contributions to the Plan for six months after taking a hardship withdrawal.

Payment of Benefits

Upon termination of service due to retirement, death, disability or other reasons, the participant or beneficiary, in the case of death, can request withdrawal of his or her account equal to the value of the vested balance in the participant account, reduced by any unpaid loan balance. If desired, a participant can leave the account balance in the Plan until the participant attains the age of 70 ½ unless the participant s vested account balance is less than $5,000, in which case the vested account balance can be distributed to the participant at the discretion of the Plan Sponsor. The Plan allows withdrawals from the participant accounts in the form of installment payments in addition to lump-sum distributions.

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BERRY PETROLEUM COMPANY THRIFT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 1. Description of Plan, continued

Plan Termination

Although it is anticipated that the Plan will remain in effect indefinitely, the Company has the right to discontinue its contributions and terminate the Plan subject to the provisions of ERISA. In the event of complete or partial termination of the Plan, participants become 100% vested in their account balances.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

The Plan s financial statements are prepared using the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein and related disclosures. Actual results could differ from those estimates.

Investments

Investments are stated at fair value. See Fair Value Measurements, below.

Wells Fargo Stable Value Fund (Stable Value Fund) is held in a common/collective trust and consists primarily of investments in fixed-income securities and bond funds; however, the fund will also purchase third-party wrap contracts and investment contracts, which results in the probability that participant-directed transactions with investments in the fund will be at contract value. Therefore, investments in the Stable Value Fund are considered to be fully benefit-responsive. As a result, Plan investments in the Stable Value Fund are reported at fair value. The Stable Value Fund replaced the Fidelity Managed Income Portfolio (Fidelity MIP) in December 2011, at which time all assets in the Fidelity MIP were transferred over to the Stable Value Fund.

As contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts, the statements of net assets available for benefits also present an adjustment from fair value to contract value for investments in the Stable Value Fund so that such investments are ultimately reflected at contract value in the statements of net assets available for benefits.

In accordance with the policy of stating Plan investments at fair value, the Plan presents the net appreciation (depreciation) in the fair value of its investments in the statement of changes in net assets available for benefits, which consists of the realized gains or losses and the unrealized appreciation (depreciation) on those investments.

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BERRY PETROLEUM COMPANY THRIFT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 2. Summary of Significant Accounting Policies, continued

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

Payment of Benefits

Benefit payments to participants are recorded when paid.

Expenses of the Plan

The Plan s administrative expenses are paid by either the Plan from the balance in the forfeiture account or the Plan s Sponsor, as provided by the Plan Agreement.

Fair Value Measurements