

Edgar Filing: BERRY PETROLEUM CO - Form 425

BERRY PETROLEUM CO

Form 425

February 26, 2013

Filed by LinnCo, LLC and Linn Energy, LLC

Commission File Nos. 001-35695 and 000-51719

Pursuant to Rule 425 Under the Securities Act of 1933

And Deemed Filed Pursuant to Rule 14a-12

Under the Securities Exchange Act of 1934

Subject Company: Berry Petroleum Company

Commission File No. 001-09735

LINN Employee Town Hall Meeting
February 21, 2013

Why Berry?

Why Berry?

Excellent MLP Asset

Strategic Fit With Our Business Model

Platform for Growth

2

Large acquisition of low-decline assets with attractive inventory

Production is 75% liquids with excellent operating margins
More than half of our revenues will be driven by crude oil
Complementary operating areas to existing LINN operations

Increased geographic presence in California, Permian Basin,
East Texas, Rockies

Immediately accretive

Total production to increase 30%

Proved reserves to increase 34%

Liquids reserves to increase 55%

Gas reserves to increase 17%

Proved reserves to total 6.5 Tcf equivalent (1.1 billion barrels of oil
equivalent), with 54% oil and NGLs and 46% natural gas

All-stock deal allows LINN to improve debt metrics with potential
access to high-grade capital programs

About Berry

About Berry

Headquartered in Denver, CO

Started in 1909 by mining family and
went public in 1986

Currently operates in five areas:

2013 focus on \$550 million capital

budget on liquids rich and oil plays

Current enterprise value of \$3.9 billion

(1)

Note: Market data as of February 20, 2013 (BRY closing price of \$38.59). Source: Bloomberg.

(1)

Does not include implied premium.

Berry Asset Map

California

20.0 MBOE/d

Uinta

7.1 MBOE/d

Permian

8.1 MBOE/d

East Texas

2.3 MBOE/d

Piceance

2.6 MBOE/d

\$2.2 billion market cap

\$1.7 billion debt

0.8% yield

Berry Petroleum Acquisition

Berry Petroleum Acquisition

Stock-for-stock transaction for total consideration of \$4.3 billion, including assumption of debt; estimated premium of 20% percent

First strategic use of newly formed LinnCo shares as consideration in a corporate acquisition

Clear path to completion

Subject to approval by Berry and LinnCo shareholders and LINN Energy unitholders, as well as customary closing conditions and regulatory approvals

Expected to close June 30, 2013

Operational: Increase in size and scale with significant geographic expansion, long-lived, mature asset portfolio, increase in liquids exposure, proved reserves and production

Financial:

Immediately

accretive,

improved

leverage

metrics;

tax

efficient

transaction to LINN Energy; tax-free for Berry shareholders; allows for participation in upside of the combined company

4

Terms

Terms

Strategic

Strategic

Benefits

Benefits

Timing

Timing

MLP and Independent E&P Rankings
MLP and Independent E&P Rankings
Note:
Market
data
as
of

February
20,
2013
(LINE
and
LNCO
closing
price
of
\$36.65
and
\$36.99,
respectively).

Source:
Bloomberg.

(1)
Pro forma for merger.
LINN is one of the largest MLP and independent E&P companies

7
th
largest public MLP/LLC
11
th
largest domestic independent oil & natural gas company

5
Rank
Master Limited Partnership
Enterprise Value (\$MM)
Rank
Independent E&P
Enterprise Value (\$MM)

1.
Enterprise Products Partners
\$60,375

1.
ConocoPhillips
\$89,597

2.
Kinder Morgan Energy Partners
\$46,756

2.
Occidental Petroleum Corp.
\$64,934

3.
Energy Transfer Equity
\$38,964

3.
Anadarko Petroleum Corp.
\$52,281

4.

Williams Partners
\$26,732
4.
Apache Corp.
\$41,773
5.
Plains All American Pipeline
\$24,767
5.
EOG Resources Inc.
\$39,943
6.
Energy Transfer Partners
\$22,574
6.
Chesapeake Energy Corp.
\$34,955
7.
LINN Energy LLC (Pro Forma)
\$18,943
7.
Marathon Oil Corporation
\$26,927
8.
ONEOK Partners
\$17,173
8.
Devon Energy Corporation
\$24,449
9.
Enbridge Energy Partners
\$14,874
9.
Noble Energy Inc.
\$22,575
10.
El Paso Pipeline Partners
\$13,363
10.
Pioneer Natural Resources Co.
\$19,920
11.
Magellan Midstream Partners
\$11,658
11.
LINN Energy LLC (Pro Forma)
\$18,943
12.
Markwest Energy Partners
\$9,470

12.
Continental Resources Inc.
\$17,937

13.
Boardwalk Pipeline Partners
\$8,848

13.
Range Resources Corp.
\$14,274

14.
Buckeye Partners
\$7,234

14.
Southwestern Energy Co.
\$13,163

15.
Sunoco Logistics Partners
\$6,851

15.
Cabot Oil & Gas Corp.
\$12,312

16.
Access Midstream Partners
\$6,667

16.
Concho Resources Inc.
\$11,890

17.
Western Gas Partners
\$6,569

17.
Murphy Oil Corp.
\$11,241

18.
Amerigas Partners
\$6,448

18.
EQT Corp.
\$11,066

19.
Cheniere Energy Partners
\$5,770

19.
Plains Exploration & Production
\$10,094

20.
Regency Energy Partners
\$5,655

20.
Denbury Resources Inc.

\$10,033

21.

Targa Resources Partners

\$5,404

21.

Cobalt International Energy

\$9,155

22.

Nustar Energy LP

\$5,228

22.

Sandridge Energy Inc.

\$8,803

23.

Teekay LNG Partners

\$5,159

23.

QEP Resources Inc.

\$8,595

24.

Copano Energy LLC

\$4,521

24.

Whiting Petroleum Corp.

\$7,298

25.

Genesis Energy LP

\$4,435

25.

Newfield Exploration Co.

\$6,546

LINN Energy
LINN Energy
A Premier U.S.
A Premier U.S.
Independent E&P Company
Independent E&P Company
6

Daily Production of E&P Peers

(1)

Proved Reserves of E&P Peers

(1)

Increases LINN's size and scale among leading, independent E&P companies

Now one of the largest producers of hydrocarbons in the United States

Source: Company press releases and SEC filings.

(1)

Reserves and production data includes most recent information released by listed companies.

Where We Will Operate

Where We Will Operate

Expanded presence in California, the Permian Basin, East Texas, the Rockies and addition of attractive new core area in the Uinta Basin

7

Note: All operational and reserve data as of December 31, 2012, pro forma for merger.

Berry Assets
Berry Assets
South Midway
South Midway
8
Asset Highlights
Asset Highlights

S. Midway-Sunset Field Map

S. Midway-Sunset Field Map

Stable production from legacy assets in the 9th largest field in the U.S.

13,070 BOPD in Q4 from 3,475 acres, 92% NRI

Heavy crude (13°

API) produced using steam injection

with development focused on deeper pay zones and continuous injection in flanks

Berry's California assets have low IP rates and a very shallow

decline

in

the

5%

-

8%

range

S. Midway asset team should deliver ~\$250 MM of free cash flow in 2013

Production Forecast for South Midway

Production Forecast for South Midway

Includes: Homebase, Formax, Ethel D, Placerita, Poso Creek

Continuous Steam Injection at S. Midway

Continuous Steam Injection at S. Midway

Berry Assets

Berry Assets

Diatomite

Diatomite

9

540 acres, 100% working interest, 90% NRI

360

million
barrels
of
oil
in
place,
targeting
23%

-
40%
recovery or 83 -
144 MMBOE

Diatomite contains 15°

API gravity heavy oil

Average drilling depth of 800 feet

Targeting 1,000 wells on 5/8 acre spacing

Upside comes from increased recovery and lower
steam oil ratio (SOR)

Asset Highlights

Asset Highlights

Production Forecast for Diatomite

Production Forecast for Diatomite

Berry Assets

Berry Assets

Permian

Permian

10

Total of ~61,000 net acres in the Permian, 75%

NRI

Wolfberry drilling inventory of ~325 proved
locations on 40 s and over 600 potential
locations on 20 s

Upside potential from de-risking deeper
formations and 20-acre downspacing

Permian Asset Locator Map

Permian Asset Locator Map

Asset Highlights

Asset Highlights

Production Forecast for Permian

Production Forecast for Permian

Berry Assets
Berry Assets
Uinta
Uinta
11
Production Forecast for Uinta
Production Forecast for Uinta

Since entering Uinta basin in 2003, ~165,000 net acres compiled, including
40,000 net acres in Brundage Canyon, 100% WI
Rights to 85,000 net acres in Lake Canyon

42.6% average WI

40,000 net acres earned to date
25,000 net acres in Ashley Forest, 100% WI
~600 Producing wells on 40-acre spacing;
historically 60% crude oil and 40% gas
Continue to expand footprint via small bolt-on acquisitions

Asset Highlights

Asset Highlights

Uinta Basin Map

Uinta Basin Map

What Happens Next?

What Happens Next?

Combined company will retain LINN Energy name and will be led by Mark Ellis and LINN executive team

Headquarters to remain in Houston and will maintain an operating presence in Denver, where Berry is currently headquartered

Transaction is expected to close June 30

Until the transaction is complete, LINN and Berry will operate as two independent companies

LINN/Berry team to develop a detailed and thoughtful integration plan to ensure a seamless combination

Senior leadership steering committee

Asset integration team led by Greg Nunn

We will make every effort to keep you informed as things develop and progress

12

Additional Information about the Proposed Transactions and Where to Find It

In connection with the proposed transactions, LinnCo intends to file with the SEC a registration statement on Form S-4 that will include a joint proxy statement of LinnCo, LINN and Berry that also constitutes a prospectus of LinnCo. Each of Berry, LINN and LinnCo also plan to file other relevant documents with the SEC regarding the proposed transactions. **INVESTORS ARE URGED TO READ THE JOINT PROXY STATEMENT/PROSPECTUS AND OTHER RELEVANT DOCUMENTS FILED WITH THE SEC IF AND WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION.** You may obtain a free copy of the joint proxy statement/prospectus (if and when it becomes available) and other relevant documents filed by Berry, LINN and LinnCo with the SEC at the SEC's website at www.sec.gov. You may also obtain these documents by contacting LINN's and LinnCo's Investor Relations department at (281) 840-4193 or via e-mail at ir@linnenergy.com or by contacting Berry's Investor Relations department at (866) 472-8279 or via email at ir@bry.com.

Participants in the Solicitation

Berry, LINN and LinnCo and their respective directors and executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies in respect of the proposed transactions. Information about LINN's directors and executive officers is available in LINN's proxy statement dated March 12, 2012, for its 2012 Annual Meeting of Unitholders. Information about LinnCo's directors and executive officers is available in LinnCo's Registration Statement on Form S-1 dated June 25, 2012, as amended, with respect to its initial public offering of common shares. Information about Berry's directors and executive officers is available in Berry's proxy statement dated April 6, 2012, for its 2012 Annual Meeting of Stockholders. Other information regarding the participants in the proxy solicitations and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the joint proxy statement/prospectus and other relevant materials to be filed with the SEC regarding the proposed transactions when they become available. Investors should read the joint proxy statement/prospectus carefully when it becomes available before making any voting or investment decisions. You may obtain free copies of these documents from Berry, LINN or LinnCo using the sources indicated above.

This document shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the U.S. Securities Act of 1933, as amended.

Cautionary Note Regarding Forward-Looking Statements

This document contains forward-looking statements concerning the proposed transactions, its financial and business impact, management's beliefs and objectives with respect thereto, and management's current expectations for future operating and financial performance, based on assumptions currently believed to be valid. Forward-looking statements are all statements other than statements of historical facts. The words anticipates, may, can, plans, believes, estimates, expects, projects, intends, likely, will, should, to be, and any similar words or phrases of similar meaning are intended to identify those assertions as forward-looking statements. It is uncertain whether the events anticipated will transpire, or if they do occur what impact they will have on the results of operations and financial condition of LINN, LinnCo, Berry or of the combined company. These forward-looking statements involve significant risks and uncertainties that could cause actual results to differ materially from those anticipated, including but not limited to the ability of the parties to satisfy the conditions precedent and consummate the proposed transactions, the timing of consummation of the proposed transactions, the ability of the parties to secure regulatory approvals in a timely manner or

on the terms desired or anticipated, the ability of LINN to integrate the acquired operations, the ability to implement the anticipated business plans following closing and achieve anticipated benefits and savings, and the ability to realize opportunities for growth. Other important economic, political, regulatory, legal, technological, competitive and other uncertainties are identified in the documents filed with the SEC by Berry, LINN and LinnCo from time to time, including their respective Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K. The forward-looking statements included in this document are made only as of the date hereof. None of Berry, LINN nor LinnCo undertakes any obligation to update the forward-looking statements included in this document to reflect subsequent events or circumstances.