BERRY PETROLEUM CO
Form 11-K
June 20, 2012
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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, 2011

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, 2011 and 2010

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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, 2011 and 2010 and the related statement of changes in net assets available for benefits for the year ended December 31, 2011. 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 audit 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 Plan as of December 31, 2011 and 2010 and the changes in net assets available for benefits for the year ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America.

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To the Benefit Plans Committee of the

Berry Petroleum Company Thrift Plan

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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, 2011 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/ Ehrhardt Keefe Steiner Hottman PC

Ehrhardt Keefe Steiner Hottman PC

June 20, 2012

Denver, Colorado

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BERRY PETROLEUM COMPANY THRIFT PLAN

Statements of Net Assets Available for Benefits

December 31, 2011 and 2010

	2011	2010
ASSETS:		
Investments, at fair value:		
Interest bearing cash	$	$ 459,558
Shares in registered investment companies	23,575,856	21,931,852
Common and collective trust	5,308,462	3,705,873
Common stock of plan sponsor	8,463,302	9,420,016
Total investments at fair value	37,347,620	35,517,299
Notes receivable from participants	913,801	872,874
Receivables		317
Total receivables	913,801	873,191
Net assets available for benefits, at fair value	38,261,421	36,390,490
Adjustment from fair value to contract value for fully benefit-responsive investment contracts	(134,522)	(30,132)
Net assets available for benefits, at contract value	$ 38,126,899	$ 36,360,358

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, 2011

Additions to (deductions from) net assets attributable to:		
Contributions:		
Employer	$	1,823,923
Participants		2,633,807
Rollovers		527,396
Total contributions		4,985,126
Investment income		
Interest and dividends		700,626
Interest from participant loans		42,981
Net depreciation in fair value of investments		(1,326,496)
Net investment loss		(582,889)
Deductions:		
Benefits paid to participants		(2,626,858)
Administrative fees		(8,838)
Total deductions		(2,635,696)
Net increase in net assets		1,766,541
Net assets available for benefits:		
Beginning of year		36,360,358
End of year	$	38,126,899

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. Effective December 31, 2010, the Plan was amended (the Amendment). The Amendment, among other things, added an automatic enrollment feature to the Plan. All new employees, and all existing employees who did not previously participate in the Plan, are automatically enrolled into the Plan. Effective July 15, 2011, the automatic enrollment percentage was increased from 6% to 8% of eligible compensation.

Administration

The Benefit Plans Committee (the Committee) appointed by the Board of Directors of Berry Petroleum 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

Employees who elect to participate in the Plan may contribute from 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 2011 and 2010 were $16,500 for employee contributions 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 2011 and 2010. Participants vest immediately in their contributions, and vesting in employer contributions is at a rate of 20% per year of service during the first five years of employment. 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 which consistent with the best practices of other plans of comparable size the Committee made the following changes to the Plan s investments in 2011: 1) effective September 30, 2011, the Berry Petroleum Company Stock Fund was converted from a Unitized Stock Fund to real-time traded stock accounts on behalf of all participants and 2) effective December 7, 2011 all of the Plan s investment options that were in retail class funds were switched over to institutionally priced mutual funds.

The investment selections available to participants at December 31, 2011 are as follows:

Berry Petroleum Company Common Stock	ABF Small Cap Value PA Fund
Wells Fargo Stable Value Fund	ABF Large Cap Value Y Fund
Fidelity Contrafund K	Columbia Acorn International Z Fund
Fidelity Diversified International K Fund	CRM Mid Cap Value Investor Fund
Fidelity Low-Priced Stock K Fund	Morgan Stanley Institutional Equity Growth B Fund
Fidelity Puritan K Fund	Oppenheimer Developing Markets Y Fund
Fidelity Freedom K Income Fund	Pimco High Yield Admin Fund
Fidelity Freedom K Funds (1)	Pimco Real Return Bond Admin Fund
JP Morgan Core Bond R5 Fund	Spartan U.S. Equity Index Investor Fund
JP Morgan Small Cap Growth Institutional Fund	

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

The following investments had fair values at December 31, 2011 and 2010 representing more than 5% of net assets available for benefits:

	2011	2010
Berry Petroleum Company Common Stock	$ 8,463,302(a)	$ 9,420,016(a)
Wells Fargo Stable Value Fund	5,308,462(b)	
Fidelity Contrafund K	2,636,482	
Fidelity Diversified International K Fund	2,250,154	

Fidelity Managed Income Portfolio Fund	3,705,873(b)
Fidelity Diversified International Fund	2,768,673
Fidelity Contrafund	2,561,149

(a) Investment balances include cash and cash equivalents of $0 and $459,570, money market funds of $1,163 and $0, and other receivables of $0 and $317 at December 31, 2011 and 2010, 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.

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BERRY PETROLEUM COMPANY THRIFT PLAN

NOTES TO FINANCIAL STATEMENTS

Note 1. Description of Plan, continued

(b) The schedule reflects the fair value. The contract value of the investment at December 31, 2011 and 2010, was $5,173,940 and $3,675,740, 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 2.00 years and an average return of 2.15%.

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, 2011 and 2010 of $4,872 and $2, respectively. For the year ended December 31, 2011, $157,223 of forfeitures was applied to employer matching contributions.

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%, that range from 4.25% to 9.25% as of December 31, 2011. These loans are collateralized by the balance in the participant s account and mature at various dates through 2021. 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 bal