

Edgar Filing: BERRY PETROLEUM CO - Form 425

BERRY PETROLEUM CO

Form 425

December 04, 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

Merger Overview
December 2013

Forward-Looking Statements
and Risk Factors
Statements
made
in
these
presentation

slides
and
by
representatives
of
LINN
Energy,
LLC,
LinnCo,
LLC
and
Berry
Petroleum
Company
(collectively,
the
Companies)
during
the
course
of
this
presentation
that
are
not
historical
facts
are
forward-looking
statements.
These
statements
are
based
on
certain
assumptions
and
expectations
made
by
the
Companies
which
reflect
management's
experience,
estimates
and

perception
of
historical
trends,
current
conditions,
anticipated
future
developments,
potential
for
reserves
and
drilling,
completion
of
current
and
future
acquisitions,
future
distributions,
future
growth,
benefits
of
acquisitions,
future
competitive
position
and
other
factors
believed
to
be
appropriate.
Such
statements
are
subject
to
a
number
of
assumptions,
risks
and
uncertainties,
many

of
which
are
beyond
the
control
of
the
Companies,
which
may
cause
actual
results
to
differ
materially
from
those
implied
or
anticipated
in
the
forward-looking
statements.
These
include
risks
relating
to
financial
performance
and
results,
the
integration
of
Berry's
business
and
operations
with
those
of
LINN
Energy,
indebtedness
under
the

companies
credit
facilities
and
Senior
Notes,
access
to
capital
markets,
availability
of
sufficient
cash
flow
to
pay
distributions
and
execute
our
business
plan,
prices
and
demand
for
natural
gas,
oil
and
natural
gas
liquids,
the
Companies
ability
to
replace
reserves
and
efficiently
develop
current
reserves,
LINN
Energy's
ability
to
make

acquisitions
on
economically
acceptable
terms,
the
regulatory
environment,
availability
of
connections
and
equipment
and
other
important
factors
that
could
cause
actual
results
to
differ
materially
from
those
anticipated
or
implied
in
the
forward-looking
statements.

See
Risk
Factors
in
LINN
Energy,
LinnCo
and
Berry's
2012
Annual
Report
on
Form
10-K,
Forms

10-Q,
Registration
Statement
on
Form
S-4,
each
as
amended,
and
any
other
public
filings.
We
undertake
no
obligation
to
publicly
update
any
forward-looking
statements,
whether
as
a
result
of
new
information
or
future
events.
The
market
data
in
this
presentation
has
been
prepared
as
of
November
29,
2013,
except
as

otherwise
noted.

Transaction Overview
Mark E. Ellis
LINN Energy Chairman, President and CEO

Transaction Overview
Consideration
LinnCo
to
acquire
Berry
for

1.68
common
shares
of
LinnCo
Transaction Value
~\$4.9
billion
(includes
assumed
debt)
Premium
~14%
to
Berry's
closing
price
on
November
1,
2013
~24%
to
Berry's
30-day
average
on
November
1,
2013
~45%
to
Berry's
closing
price
on
February
20,
2013
(day
prior
to
announcement)
Key Conditions
Subject
to
shareholder
/
unitholder
approval

of
Berry,
LINN
Energy,
and
LinnCo
Timing
Shareholder
/
unitholder
meetings
December
16,
2013
Expected
closing
to
be
immediately
after
4
ISS
(1)
Recommendation
ISS
recommends
a
vote
FOR
all
LINN
Energy
and
LinnCo s
proposals
Believe
support
for
this
merger
is
warranted
(1)
Institutional Shareholder Services Inc..

Expected Benefits to LINN

5

Expected to be accretive to cash available for distribution

Improves diversification, scale and growth potential

Increases LINN's production by ~30%

Increases LINN's liquids exposure

o

Berry's reserves are ~75% liquids

Significant California position

o

Upon closing, LINN will be the 5th largest producer in California

Significant operational and field synergies in the Permian Basin

Berry's long-life, low-decline, mature assets fit well

~15% decline rate

Reserve life of >18 years

Significant additional resources

Estimate Berry's probable and possible reserves total ~630 MMBoe

All stock consideration and greatly increased size result in significantly improved debt metrics

(\$ in billions)

Current

(2)

PF Berry

(2)(3)

Equity market cap

\$7.1

\$10.3

Total net debt

7.1

8.8

Enterprise value

\$14.2

\$19.1

6

LINN Operations

Berry Operations

Corporate

Headquarters

(Houston)

NM

TX

KS

IL

LA

MI

ND

OK

CA

East Texas

WY

UT

CO

California

Uinta Basin

Piceance

Basin

Permian Basin

East Goldsmith

Field Acquisition

LINN Energy IPO in 2006 with initial

enterprise value of ~\$713 million

Completed or announced 60 transactions

for ~\$15 billion

(1)

Large, long-life diversified reserve base

Note:

Market

data

as

of

November

29,

2013

(LINE

and

LNCO

closing
prices
of
\$30.42
and
\$31.18,
respectively).

Unless
noted
otherwise,
all
operational
and
reserve
data
as
of
December
31,
2012.

Estimates
of
proved
reserves
for
the
East
Goldsmith
Field
acquisition
were
calculated
as
of
the
effective
date
of
the
acquisition
using
forward
strip
oil
and
natural
gas
prices,
which
differ

from
estimates
calculated
in
accordance
with
SEC
rules
and
regulations.

Estimates
of
proved
reserves
for
the
East
Goldsmith
Field
acquisition
based
solely
on
data
provided
by
seller.

(1)
Includes
pending
Berry
Petroleum
(Berry)
transaction
and
15
acquisitions
comprising
the
Appalachian
Basin
properties
sold
in
July
2008.

(2)
Pro
forma
for

the
East
Goldsmith
Field
acquisition
and
\$500
million
term
loan
facility.
(3)
Pro
forma
for
pending
merger
with
Berry,
with
an
implied
value
of
~\$4.9
billion
as
of
the
day
prior
to
the
updated
exchange
ratio,
or
November
1,
2013,
which
remains
subject
to
closing
conditions,
including
shareholder
and
unitholder

approval.

(4)

Pro

forma

for

the

East

Goldsmith

Field

acquisition

and

Panther

divestiture.

(5)

Well

count

does

not

include

~2,500

royalty

interest

wells.

LINN Energy And Berry Petroleum

(\$ in billions)

Current

(4)

PF Berry

(3)(4)

Total proved reserves

~832 MMBoe

~1,107 MMBoe

% proved developed

64%

62%

% liquids

47%

54%

Reserve life-index

~17 years

~17 years

Gross productive wells

(5)

~16,000

~19,000

MLP and Independent E&P

Size Rankings

LINN is one of the largest MLP and independent E&P companies

8

largest

public

MLP

/
LLC
(1)
12
largest
domestic
independent
oil
&
natural
gas
company

(1)
7
Note:
Market
data
as
of
November
29,
2013

(LINE
closing
price
of
\$30.42).

Source:
Bloomberg.

(1)
Pro
forma
for
pending
Berry
transaction,
which
remains
subject
to
closing
conditions,
including
shareholder
and
unitholder
approvals.

Rank
Master Limited Partnership
Enterprise Value (\$MM)

Rank

Independent E&P

Enterprise Value (\$MM)

1.
Enterprise Products Partners
\$76,565

1.
ConocoPhillips
\$107,396

2.
Energy Transfer Equity
\$57,957

2.
Occidental Petroleum Corp.
\$80,511

3.
Kinder Morgan Energy Partners
\$56,697

3.
Anadarko Petroleum Corp.
\$56,278

4.
Energy Transfer Partners
\$43,583

4.
EOG Resources Inc.
\$50,035

5.
Williams Partners
\$30,856

5.
Apache Corp.
\$46,200

6.
Plains All American Pipeline
\$25,850

6.
Chesapeake Energy Corp.
\$34,834

7.
Plains GP Holdings LP
\$23,185

7.
Marathon Oil Corporation
\$31,454

8.
LINN Energy LLC
\$19,121

8.
Devon Energy Corporation

\$30,360

9.

ONEOK Partners

\$17,788

9.

Noble Energy Inc.

\$28,701

10.

Enbridge Energy Partners

\$17,151

10.

Pioneer Natural Resources Co.

\$26,937

11.

Magellan Midstream Partners

\$16,558

11.

Continental Resources Inc.

\$24,321

12.

Markwest Energy Partners

\$15,138

12.

Linn Energy LLC (PF Berry)

(1)

\$19,121

13.

Access Midstream Partners

\$14,210

13.

Range Resources Corp.

\$15,757

14.

Cheniere Energy Partners

\$14,445

14.

EQT Corp.

\$15,730

15.

El Paso Pipeline Partners

\$13,345

15.

Cabot Oil & Gas Corp.

\$15,671

16.

Western Gas Equity Partners

\$12,379

16.

Southwestern Energy Co.

\$15,492

17.
Buckeye Partners
\$11,267

17.
Concho Resources Inc.
\$14,577

18.
Boardwalk Pipeline Partners
\$10,359

18.
Murphy Oil Corp.
\$14,210

19.
Sunoco Logistics Partners
\$9,779

19.
Denbury Resources Inc.
\$9,364

20.
Spectra Energy Partners
\$9,451

20.
Cimarex Energy Co.
\$9,109

21.
Western Gas Partners
\$8,854

21.
Whiting Petroleum Corp.
\$9,053

22.
Targa Resources Partners
\$8,472

22.
QEP Resources Inc.
\$8,999

23.
Regency Energy Partners
\$8,382

23.
Cobalt International Energy
\$8,899

24.
Atlas Energy LP
\$7,657

24.
MDU Resources Group Inc.
\$7,589

25.
Nustar Energy LP

\$6,644

25.

SM Energy Co.

\$7,532

th

th

Strong, Diversified Reserve Base
Oil Proved Reserves Increase ~185 MMBbls
LINN Energy
~832 MMBoe
(~47% Liquids)
LINN Energy + Berry PF
~1,107 MMBoe

(~54% Liquids)

8

Mid-Con

33%

Green River

20%

Hugoton

20%

Permian

12%

California

4%

Michigan

5%

Williston/

Powder River

4%

E. Texas

2%

Mid-Con

25%

Green River

15%

Hugoton

15%

Permian

15%

California

14%

Rocky

Mountains

7%

Michigan

4%

Williston/

Powder River

3%

E. Texas

2%

Screened 189
opportunities
Bid 41 for
~\$10.1 billion
Closed 13 for
~\$1.4 billion
Screened 122

opportunities

Bid 31 for

~\$7.5 billion

Closed 12 for

~\$1.5 billion

Note: Asset Acquisitions

based on total consideration.

(1)Includes pending Berry transaction, which remains subject to closing conditions, including shareholder and unitholder approval

Historical Acquisitions and Joint Venture

9

Screened 246

opportunities

Bid 20 for

~\$9.2 billion

Closed 7 for

~\$2.9 billion

2010

2011

2012

YTD 2013

(1)

Screened 223

opportunities

Bid 10 for

~\$7.9 billion

Closed or announced

3 for ~\$5.5 billion

LINN Has Created an Acquisition

Machine

10
~\$15 billion in acquisitions across 60 separate transactions
(1)
Strong record of:
(1)
Includes
pending

Berry
transaction
and
15
acquisitions
comprising
the
Appalachian
Basin
properties
sold
in
July
2008.

Berry
transaction
subject
to
closing
conditions,
including
shareholder
and
unitholder
approval.

(2)
Includes
pending
Berry
transaction,
which
remains
subject
to
closing
conditions,
including
shareholder
and
unitholder
approval.

Growth Through Accretive
Acquisitions
Value of Acquisitions Per Year

(1)
Evaluating acquisitions
Integrating assets
Pursuing multiple acquisitions simultaneously

Ector County

0

5,000

FEET

Acquisition Acreage

Proved Location Area

PROB Location Area

Asset Overview

Net production ~4,800 Boe/d

Proved reserves of ~30 MMBoe (~70% oil)

o

Large infill drilling inventory

Reserves-to-production ratio of ~17 years

~98% operated working interest

124 producing wells on 6,250 net acres

o

Majority held by production

Asset provides both short and long-term

upside potential

Expect to drill ~300 wells over the next 4-5 years

o

Proven downspacing from 40 acres to 10 acres

Future horizontal Clearfork potential

Future Clearfork waterflood

o

Additional reserve potential of ~24 MMBoe

CO

2

flood potential in Glorieta, San Andres and Holt intervals

East Goldsmith Field

\$525 million acquisition of

properties located in the Central Basin Platform of the Permian Basin closed on October 31.

Recent Permian Acquisition (Q3 13)

East Goldsmith Field

12
Efficiently integrated 60 separate transactions across multiple basins
Currently operate:
~70% of wells
15 total operated rigs running
o
8 rigs focusing on horizontal drilling

7 primary operated regions

Strong track record of operational performance

Operate ~210 horizontal wells in the Granite Wash

o

Reduced drilling costs by ~14% year-to-date

o

Reduced

cycle

times

in

the

Granite

Wash

from

~54

days

in

2011

to

~35

days

currently

Operate ~370 wells in the Permian Basin

o

Reduced drilling costs by ~15% year-to-date

o

Reduced cycle times in the Wolfberry play from ~89 days in 2011 to ~54 days currently

Implemented >320 maintenance and optimization projects since assuming operations in the Hugoton Basin during July 2012

Efficiency through economies of scale

Ability to manage large, technically

complex capital programs

Pad drilling techniques

Simultaneous-operations processes (SIM Ops)

Efficient Integration and

Operations

Significant, strategic gas gathering systems

Jayhawk Gas Plant

Water handling infrastructure

13
Granite Wash
8 rigs drilling in the region
o
2
rigs
targeting

the
Hogshooter
interval
in
the
Mayfield
area
of
western
Oklahoma

o
6 rigs focused on developing high-return, liquids-rich opportunities in the Texas Panhandle
12 Hogshooter wells producing in the Mayfield area with gross average IP rates of ~3,800 Boe/d
(~74% liquids)

(1)
Permian Basin
4 rigs drilling vertical Wolfberry wells

Drilled
68
wells

YTD
2013
and
have
reduced
costs

by
~15%

(1)
Potential for horizontal Wolfcamp and Spraberry

o
Spud 1 non-operated horizontal Wolfcamp well and expect to participate in another 3 during late 2013
or early 2014

o
Expect to spud 1 operated horizontal Wolfcamp well in 2014

Jonah Field

2
rigs
drilling
in
the
region;
participated
in
27
operated

and
non-operated
wells
in

2013

(1)

Expect

to

participate

in

an

additional

19

operated

and

non-operated

wells

by

year-end

2013,

with

an

additional

24

wells

expected

to

be

drilling

or

awaiting

completion

at

that

time

(1)

Hugoton Field

Commenced 1-rig drilling program in Q2 13

~400 potential drilling locations and plan to drill ~80 wells next year

Identified a significant number of locations to sustain program for the next ~5 years

LINN Operational Update

(1)

Operational data as of LINN Energy's Third Quarter 2013 Earnings Press Release, filed on October 28, 2013.

LINN
Berry
Pro Forma
Energy
(3)
+
Petroleum

=

LINN

Q3'13 PF Production (Boe/d)

~17,800

~8,355

~26,155

Proved Reserves (MMBoe)

97

63

160

Net Acreage

~104,000

~60,000

~164,000

Well Count (Gross)

~1,800

~325

~2,125

Significant operational and field synergies in the Permian Basin

80% liquids

~160 MMBoe proved reserves

Production of >26,000 Boe/d in Q3 '13

Currently running 7 combined rigs

Combined position of >160,000 net

acres adds size and operational

scale

(1)

Operational and reserve data as of December 31, 2012, pro forma for the East Goldsmith Field acquisition and pending Berry M

(2)

Includes LINN's New Mexico operations.

(3)

Pro forma for the East Goldsmith Field acquisition.

Permian Basin

Significant Improvement in Size and Scale

Overview

(1)(2)

14

Operations Map

Permian Basin Operational Overview

LINN
Berry
Energy
Petroleum
Net Acreage
~27,600
~32,000

Avg. Working Interest

94%

-

% Held by Production (HBP)

~100%

-

15

Permian Basin

Horizontal Wolfcamp Potential

Currently active in non-operated horizontal

Wolfcamp (Diamondback operated) and

expect to begin operated activity in 2014

LINN's operational capabilities provide the

greatest opportunity to develop the

combined horizontal Wolfcamp acreage

Larger size and scope enhances combined

value

Experienced technical team

o

Operate ~210 horizontal Granite Wash

Better access to capital

Currently evaluating multiple strategies to

maximize value for its Permian position

Drilling the acreage ourselves

Joint-ventures

Asset-trades for producing assets

(1)

Includes only current Wolfcamp operations.

Wolfcamp Operations Map

Overview

Wolfcamp Operational Overview

(1)

Strategic Highlights
Robert F. Heinemann
Berry Petroleum President and CEO

Expected Benefits to Berry

17

Berry

believes

that

LINN

is

offering

a

compelling

value

to

Berry

shareholders

Berry shareholders to receive 1.68 common shares of LinnCo

o

~14% premium to Berry's closing price on November 1, 2013

o

~24% premium to Berry's 30-day average on November 1, 2013

o

~45% premium to Berry's closing price on February 20, 2013 (day prior to announcement)

LINN's tax attributes and unique structure benefit Berry shareholders

Significant dividend increase

(1)

Represents an increase of ~9x

Berry's assets fit well in an MLP / yield structure

Meaningful increases to a more diverse set of reserves and production

Significantly increases size and scale with lower cost and greater access to capital

Berry believes that LINN is the most logical buyer; Berry did not receive a topping

bid after the initial announcement

Berry's

Board

and

management

believe

negotiated

terms

are

in

the

best

interest

of

shareholders.

(1)

Subject to the declaration by the Boards of Directors of LINN Energy and LinnCo.

Key Statistics

2011

2012

2013E

Production (Boe/d)

35,687

36,402

40,500
40,800

Oil
24,771
27,393
32,400
32,600

Oil Percentage
70%
75%
~80%

Nat Gas
10,916
~9,000
-5 to 10%

Total Capital (\$MM)
\$527
\$675
~\$600

276 MMBoe Proved Reserves Year End 2012

2013 Capital Distribution

Overview

Berry Petroleum is a Denver-based independent E&P company focused on developing its oil assets in the:

San Joaquin Basin in California

Uinta Basin in Utah

Permian Basin in Texas

Berry's strategy is to grow oil production 10% - 15%

per year while generating top quartile operating margins to increase its Cash Flow per Share at a double-digit pace

Berry Petroleum Overview

18

Invest only in the development of crude oil
Increase oil production from five assets in three
basins
Improve margin from oil growth and improved
marketing realizations
Balance cash flow and capital investment to
minimize issuing equity

Combine the four parts of the plan to drive cash
flow per share growth
Growth from Assets in Three Oil Basins
Cash Flow Per Share
Invest in Consistent Oil Growth
Commentary
19
Berry's Business Plan

Highlights from Last 12 Months
Production
Growth
of
5
Oily
Assets

(Q3 12

Q3 13)

Oil production has grown 20% since Q3 12

with total production growing ~14%

Production mix increased to ~80% oil

Diatomite production increased from 3,500

Boe/d to 5,260 Boe/d and New Steam Floods

grew 71% to 3,300 Boe/d

Berry's 2013 total margin is ~\$49 / Boe

Berry's 2013 Performance

Top-Tier Operating Margins

Q3 2013 Margin Per BOE, BRY vs. Peers

(1)

35
36
31
32
33
28
29
30
26
29
28
27
26
32
33
34
35
36

25
2
3
4
5
34
27
1
0
35
36
31
32
33
28
29
30
26
29
28
27
26
32
33
34
35
36
25
2
3
4
5
34
27
1
0
Ethel D
S. Midway
Stable
production
from
legacy
assets
in
the
9
largest U.S. field
Produced 12,275 Bo/d in Q3, 92% NRI
Produce heavy crude (13°
API) using steam

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

South Midway expected to deliver ~\$250 MM of free cash flow in 2013

Successfully maximizing cash flow and achieving more shallow decline than 5% -

8% forecast

South Midway Production History

Asset Highlights

South Midway-Sunset Field Map

Continuous Steam Injection at South Midway

Continuous

Vertical

Steam

Injectors

Wet Zone

Depletion

21

South Midway-Sunset

th

22

Diatomite has 360 million barrels of oil in place on 540 acres, targeting ~1,000 wells on 5/8 acre spacing
Focusing on consistently growing the completion count, integrating technology and operations to deliver production growth
Accelerating conversion to steam flooding from cyclic

steaming at McKittrick 21Z should enhance performance, drive production growth and value
Strategy is to pursue other smaller developments and bolt-on opportunities to leverage expertise

Asset Highlights

North Midway Assets

Diatomite Quarterly Production

Note: Data provided by seller. Source: Berry Petroleum.

Chevron acreage

Berry acreage

McKittrick 21Z Quarterly Production

McKittrick 21Z

Diatomite

North Midway-Sunset

Compiled ~122,000 net acres with ~75 MMBoe of
risky resource since entering basin in 2003
Current production on 40-acre spacing;
historically 60% crude oil and 40% gas
Significant drilling inventory targeting the Green
River and Wasatch reservoirs
Improving margins through railing crude oil to

markets outside of Salt Lake City
Reduced average drilling days from 12 days in
2012 to fewer than 8 days in 2013

Asset Highlights

Uinta Resource Development

Drilling Days by Quarter

Risked Production Profile

23

Uinta Assets

Receiving Value for Heavy Oil Assets
Berry Heavy Oil Assets Fit MLP Profile
Observations
Merger Benefits for Berry

24

Combined size and scale can fully maximize the value of Berry's assets
Berry's long-lived reserves with shallow decline are an ideal fit for the Upstream MLP model

Merger is a tax-free event for Berry shareholders with an approximate 9x increase in the dividend

(1)

The pro forma company has greater asset and geographic diversification

LINN's conservative hedging strategy protects cash flow for 4-6 years

Potential for further upside as LINN provides:

(1)

Subject to the declaration by the Boards of Directors of LINN Energy and LinnCo.

Established acquisition and growth track record

Proven technical teams which are complimentary to Berry's

Financial Highlights
Kolja Rockov
LINN Energy Executive Vice President and CFO

26

First ever acquisition of a public C-Corp. by an upstream LLC
or MLP

Expected to be accretive to cash available for distribution

All stock consideration and greatly increased size result in
significantly improved debt metrics

Greater access to capital markets

Increases access to institutional market

Financial Highlights

Transaction value of \$4.9 billion, including assumed debt of ~\$1.7 billion

Accretion expected to increase in subsequent years

Transaction provides additional liquidity and financial flexibility

Liquidity / float of LNCO increases ~3x

27

Reduces Tax

Reporting

Burdens

Shareholders receive Form 1099 rather than a Schedule K-1

No state income tax filing requirements

No UBTI

(1)
implications
Efficient Tax
Structure
Estimated tax at LinnCo

(2)
estimated to be \$0.00, \$0.01 and
\$0.07 per share for 2013, 2014 and 2015, respectively

Simple & Fair
Structure

1 LinnCo share = 1 vote of LINN unit

Similar economic interest

Expands Investor

Base and Access

to Capital

Institutions

Tax-exempt organizations

Incremental retail investors (including IRA accounts)

Tax-Efficient Way

to Acquire E&P

C-Corps.

Both private and public

(1)

Unrelated business taxable income.

(2)

Includes pending Berry merger and assumes current strip prices and estimated capital spending.

LinnCo Structure

Advantages

28
LINE
Unitholders
LLC
Units
LNCO
Shareholders

LinnCo
Common
Shares
Current *distribution*
of \$2.90 / unit
(1)
Schedule K-1 (partnership)

LINE
LNCO
Current *dividend*
of \$2.90 / share
(2)

Form 1099 (C-Corp.)
LLC
Units

Investors now have the ability to own LINN Energy two ways:

LINE (Partnership for tax purposes / K-1)
LNCO (C-Corp. for tax purposes / 1099)

Tax liability to LinnCo on LINN
Energy's distribution estimated to
be \$0.00, \$0.01 and \$0.07 per
share for 2013, 2014 and 2015,
respectively

(3)
\$2.90
Distribution
\$2.90
Distribution
\$2.90
Dividend

(1)
Represents
the
current
annualized
cash
distribution
of
\$2.90
per
unit.

(2)
Represents the current annualized cash dividend of \$2.90 per share.

(3)
Includes pending Berry merger and assumes current strip prices and estimated capital spending.

LinnCo Structure
Overview
LINN Energy, LLC

Natural Gas Positions

29

Oil Positions

(1)

Represents the period October-December 2013.

(2)

Excludes natural gas puts used to indirectly hedge NGL revenues.

(3)

Calculated as percentage of hedged volume in the form of puts.

(4)

Includes certain outstanding fixed price oil swaps of approximately 5,384 MBbls which may be extended annually at prices of 2018, and \$90.00 per Bbl for the year ending December 31, 2019, if the counterparties determine that the strike prices are in-the-money each year is exercisable without respect to the other years.

Significant Hedge Position

(Graphs Do Not Include Pending Berry Transaction)

LINN is hedged ~100% on expected natural gas production through 2017;

~100% on expected oil production through 2016

LINN partnered with Berry to hedge a portion of the production from the transaction before closing

As a result, Berry is significantly hedged for 2014 (~90% hedged) on expected oil production

Note: Except as otherwise indicated, illustrations represent full-year hedge positions as of September 30, 2013.

Note: LINN's hedge percentages based on internal estimates. Excludes NGL production and natural gas puts used to hedge N
Source: Production estimates based on Bloomberg consensus, and hedge information based on publicly available sources.

(1)

Represents simple average and peer group includes: CLR, FST, XEC, KWK, NFX, PXD, PXP, RRC, SWN and WLL.

(2)

Represents simple average and peer group includes: BBEP, EVEP, LGCY, LRE, MEMP, MCEP, PSE, QRE and VNR.

LINN's cash flow is notably more protected from oil and natural gas price

uncertainty than its C-Corp. and Upstream MLP / LLC peers
Significant Hedge Position (Equivalent Basis)
(Does Not Include Pending Berry Transaction)
30

LINN's Distribution Stability
and Growth

31

Distribution History

LINN has performed well through all kinds of commodity price cycles

Distribution
stability

maintained
throughout
the
Credit
Crisis
(i.e.
2008

2009)
16
out
of
74
MLPs
(23%)
were
forced
to
reduce
or
suspend
distributions

(1)
Source for commodity prices: Bloomberg.

(1)
Source:
Wells
Fargo
Securities,
LLC
research
note
entitled
MLP
Primer

-
-
Fourth
Edition
published
on
November
19,
2010.

(2)
The Q1 2006 distribution, adjusted for the partial period from the Company's closing of the IPO on January 19, 2006 through M

\$20.20
0.40
0.43
0.52
0.52
0.57
0.57

0.63
0.63
0.63
0.63
0.63
0.63
0.63
0.63
0.63
0.63
0.66
0.66
0.66
0.69
0.69
0.69
0.73
0.73
0.73
0.73
0.73
0.73
0.73
0.73
\$0.40
\$0.80
\$1.23
\$1.75
\$2.27
\$2.84
\$3.41
\$4.04
\$4.67
\$5.30
\$5.93
\$6.56
\$7.19
\$7.82
\$8.45
\$9.08
\$9.71
\$10.34
\$11.00
\$11.66
\$12.32
\$13.01
\$13.70
\$14.39
\$15.12

\$15.84
\$16.57
\$17.29
\$18.02
\$18.74
\$19.47
\$-
\$2.00
\$4.00
\$6.00
\$8.00
\$10.00
\$12.00
\$14.00
\$16.00
\$18.00
\$20.00

Q1
Q2
Q3
Q4
Q1
Q2
Q3
Q4
Q1
Q2
Q3
Q4
Q1
Q2
Q3
Q4
Q1
Q2
Q3
Q4
Q1
Q2
Q3
Q4
Q1
Q2
Q3
Q4
Q1
Q2
Q3
Q4

Distribution History

Distribution History

32

Quarterly Distribution

Cumulative Distribution

Consistently paid distribution for 32 quarters

81% increase in quarterly distribution since January 2006 IPO

(1)

(1)

The Q1 2006 distribution, adjusted for the partial period from the Company's closing of the IPO on January 19, 2006 through M

(2)

Includes December s distribution / dividend to be paid December 17, 2013 (LINE) and December 18, 2013 (LNCO), respective

2006

2007

2008

2009

2010

2011

(1)

2012

2013

(2)

(125%)
(75%)
(25%)
25%
75%
125%
175%

225%

275%

2006

2007

2008

2009

2010

2011

2012

2013

LINE Total Return (TR)

BRY Total Return (TR)

Alerian MLP TR Index

S&P Mid-Cap E&P TR Index

S&P 500 TR Index

Note:

Market

data

as

of

November

29,

2013

(LINE

and

BRY

closing

price

of

\$30.42

and

\$50.32,

respectively).

Source:

Bloomberg.

LINN Total Return and Unit Price Appreciation (LINE IPO

Present of ~190%)

LINN Historical Return

33

~66%

~67%

~64%

~207%

~190%

34

Current Landscape for E&P MLPs

LINN has a significant size advantage in the E&P MLP / LLC market

E&P market presents significantly more acquisition opportunities than rest of MLP market

E&P sector has room to grow; \$40 billion

versus \$739 billion for all other sectors

LINE vs. Other Upstream MLPs

MLP / LLC Total EV: \$779 Billion

Note: Market data as of November 29, 2013 (LINE and LNCO closing price of \$30.42 and \$31.18, respectively). Source: Bloomberg and FactSet.

(1)

Pro forma for pending Berry transaction, which remains subject to closing conditions, including shareholder and unitholder approval

Greater access to capital markets

Ability to complete larger transactions

35
LINN reiterates Q4 estimated production guidance of ~840
860 MMcfe/d
2013E
organic
production
growth

of
8

10%
remains
on-track
(in
spite
of
severe
winter
weather
in
the
Permian
and
Mid-Continent
regions)
(2)
LINN s
updated
Q4
excess
of
net
cash
(3)

is
expected
to
be
~5

10%
above
the
Company s
current
distribution
amount
compared
to
previous
guidance
of
0%
(1)
Production on-track
NGL prices continue to increase

Continuing to realize lower operating expenses

Berry's

2013

estimated

production

is

expected

to

be

~40,800

Boe/d,

representin

g the

high

end

of

its

previously

updated

guidance

Q4 production expected to be ~44,000 Boe/d

Improving LINN's distribution stability

Generated excess of net cash

(3)

in Q3 (~1% above the distribution amount)

Expect to generate excess of net cash

(3)

in Q4 (~5

10% above the Company's

distribution amount)

(1)

Pending Berry merger expected to be accretive to cash available for distribution

(1)

Does

not

include

pending

Berry

transaction

due

to

the

fractional

impact

to

the

Company's

quarterly

guidance

as

a
result
of
the
potential
December
16,
2013
closing.
(2)
Percentage
growth
estimate
calculated
by
removing
production
volumes
associated
with
the
Panther
assets.
(3)
Excess
(shortfall)
of
net
cash
provided
by
(used
in)
operating
activities
after
distributions
to
unitholders
and
discretionary
adjustments
considered
by
the
Board
of
Directors.
Updated Q4 2013 Guidance
(1)

Combined company will be one of the largest independent oil and natural gas companies in North America

Combined company has a geographically diverse, long lived asset base with strong and stable cash flow

Potential for production optimization and cost savings

Substantial size can be a benefit in the MLP market

Accretive to LINN's cash available for distribution

Berry
shareholders

have

the

opportunity

to

participate

in

future

upside

LINN and LinnCo are currently trading at historically high yields (~10% & ~9% for
LINN & LinnCo, respectively)

Summary

36

Pro forma production of ~180,000 Boe/d

Proved reserves of approximately >1.1 billion Boe (54 percent liquids)

LINN

targets

hedging

~100%

of

expected

production

for

4

6

years

Identified ~\$20 million of synergies in G&A

Greater access to capital markets

Ability to complete larger transactions

Accretion expected to increase in subsequent years

Proven acquisition track record

Potential to revert to historically lower yields

LINN Energy's mission is to **acquire**, develop and maximize cash flow from a growing portfolio of long-life oil and natural gas assets.

38

Berry Bonds

Transaction triggers Change of Control and investor option to put bonds at 101% of par;

LINN plans to make a Change of Control offer pursuant to the indenture

If bonds are put, LINN has sufficient liquidity to redeem any tendered Berry bonds

~\$2.7 billion of pro forma capacity

~\$1.1 billion of Berry bonds outstanding

Berry will be an unrestricted LINN subsidiary with ~\$435 million of initial restricted

payments capacity

Berry bond coupons and maturities fit well within existing LINN bond complex

Berry Revolver

LINN has received lender commitments for the following:

Maintain Berry's existing \$1.2 billion revolver post-closing (\$1.4 billion borrowing base)

Conform material terms and covenants of the Berry revolver to match LINN revolver

At closing, Berry revolver will be fully drawn with proceeds available to LINN

LINN intends to use any cash distributed from Berry, up to the initial restricted payments capacity of

~\$435 million, to reduce borrowings under its own revolver

Excess cash of ~\$100 million would remain on Berry's balance sheet to fund capex or to be

distributed to LINN in the future if Berry generates additional restricted payments capacity

Significantly enhances LINN's liquidity and positions balance sheet for future growth

Berry Bonds and Revolver Post-Closing

39

Capital Structure (9/30/13)

(1)

Pro forma for the financing of LINN's \$525 million East Goldsmith Field acquisition, which closed on October 31.

(2)

Berry's initial restricted payments capacity allows up to ~\$435 million to be distributed to LINN. At closing, Berry's revolving

Edgar Filing: BERRY PETROLEUM CO - Form 425

to reduce borrowings under its own revolver. Excess cash would remain on Berry's balance sheet to fund capex or to be distributed.
(3)

LINN and Berry had outstanding letters of credit of ~\$5 million and ~\$27 million, respectively, at September 30, 2013, which
(\$ in millions)

LINN

Pro Forma Capital Structure at 9/30/13

Summary Balance Sheet

Before Merger

(1)

Adjustments

(2)

After Merger

Cash and cash equivalents

\$27

\$

\$27

Credit facility

(1)

\$1,730

\$(435)

\$1,295

Term loan due 2018

(1)

500

500

Senior notes:

6.50% Senior notes due 2019

750

750

6.25% Senior notes due 2019

1,800

1,800

8.625% Senior notes due 2020

1,300

1,300

7.75% Senior notes due 2021

1,000

1,000

4,850

4,850

Total debt

\$7,080

\$(435)

\$6,645
 Availability
 Credit facility note amount
 \$4,000
 \$

 \$4,000
 Less: outstanding borrowings + LCs
 (3)
 (1,735)
 435
 (1,300)
 Undrawn capacity
 \$2,265
 \$435
 \$2,700
 Berry
 Pro Forma Capital Structure at 9/30/13
 Summary Balance Sheet
 Before Merger
 Adjustments
 (2)
 After Merger
 Cash and cash equivalents
 \$24
 \$102
 \$126
 Credit facility
 \$636
 \$537
 \$1,173
 Senior notes:
 10.25% Senior notes due 2014
 205

 205
 6.75% Senior notes due 2020
 300

 300
 6.375% Senior notes due 2022
 600

 600
 1,105

 1,105
 Total debt
 \$1,741
 \$537

\$2,278

Availability

Credit facility note amount

\$1,200

\$

\$1,200

Less: outstanding borrowings + LCs

(3)

(663)

(537)

(1,200)

Undrawn capacity

\$537

\$(537)

\$

Appendix

Substantial Institutional Yield Market

40

LinnCo structure allows LINN to access the much larger institutional market

MLP sector has grown tremendously but still remains primarily retail

Note: Market data as of November 29, 2013. Source for MLP Enterprise Value chart: R.W. Baird Equity Research and FactSet

Source for table: Wells Fargo Securities, LLC.

MLP Sector's Enterprise Value Growth

Top-10 Equity Income Mutual Funds

Average MLP

Average MLP

Time Period

Follow-Ons (\$MM)

Issuances / Year

2003 - 2009

\$150.9

42

2010 - 2013TD

\$251.8

60

% Increase

67%

43%

Additional Information about the Proposed Transactions and Where to Find It

In connection with the proposed transactions, LINN and LinnCo have filed with the SEC a registration statement on Form S-4 (Registration No. 333-187484) that includes a joint proxy statement of LinnCo, LINN and Berry that also constitutes a prospectus of LINN and 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 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@lennenergy.com.

Participants in the Solicitation

LinnCo, LINN and Berry 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 LinnCo and LINN's directors and executive officers is available in the Registration Statement on Form S-4 relating to the merger. Information about Berry's directors and executive officers is available in Berry's Form 10-K/A for the year ended December 31, 2012, dated April 30, 2013. 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, which are all statements other than statements of historical facts. These forward-looking statements involve significant risks and uncertainties that could cause actual results to differ materially from those anticipated. Important economic, political, regulatory, legal, technological, competitive and other uncertainties are identified in the documents filed with the SEC by 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 press release are made only as of the date hereof. None of LINN nor LinnCo undertakes any obligation to update the forward-looking statements included in this press release to reflect subsequent events or circumstances.