BERRY PETROLEUM CO
Form 424B3
May 15, 2009

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The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell nor do they seek an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MAY 15, 2009

Filed Pursuant to Rule 424(b)(3)
Registration No. 333-135055

PRELIMINARY PROSPECTUS SUPPLEMENT

(TO PROSPECTUS DATED FEBRUARY 26, 2009)

$300,000,000

Berry Petroleum Company

% Senior Notes due 2014

We are offering $300,000,000 of our % Senior Notes due 2014. Interest on the notes will accrue from May , 2009 and will be payable semiannually on May and November of each year, beginning on November , 2009. The notes will mature on May , 2014.

We may redeem some or all of the notes at a price equal to 100% of the principal amount plus accrued and unpaid interest plus a "make-whole" premium. If we sell certain of our assets or experience specific kinds of change of control, we must offer to purchase the notes at prices set forth in this prospectus supplement plus accrued and unpaid interest.

The notes will be our senior unsecured obligations. The notes will rank effectively junior to all of our existing and any future secured debt, to the extent of the value of the collateral securing that debt, will rank equally in right of payment with any future senior unsecured debt and will rank senior in right of payment to our existing 8$^1/_4$% senior subordinated notes due 2016 and any of our other existing or future subordinated debt.

You should consider carefully the risk factors beginning on page S-15 of this

prospectus supplement before investing in the notes.

	Per Note	Total
Price to Public(1)	%	$
Underwriting Discounts	%	$
Proceeds to Berry Petroleum Company (Before Expenses)	%	$

(1) Plus accrued interest, if any, from May , 2009.

The notes will not be listed on any securities exchange. Currently, there is no public market for the notes. Delivery of the notes, in book-entry form, will be made on or about May , 2009 through The Depository Trust Company. See "Underwriting."

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed on the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

Joint Book-Running Managers

Wachovia Securities

RBS

BNP PARIBAS

SOCIETE GENERALE

CALYON

Senior Co-Managers

BMO Capital Markets **Wedbush Morgan Securities Inc.**

Co-Managers

BBVA Securities **BOSC, Inc.** **Citi**
Credit Suisse **Natixis Bleichroeder Inc.**
Raymond James **Scotia Capital** **U.S. Bancorp Investments, Inc.**

The date of this prospectus supplement is May , 2009.

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You should rely only on the information contained in this prospectus or to which the prospectus refers or that is contained in any free writing prospectus relating to the notes. We have not, and the underwriters have not, authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer of the notes in any jurisdiction where their offer or sale is not permitted. The information in this prospectus supplement and the base prospectus and incorporated herein by reference may only be accurate as of the date of the applicable document. Our business, financial condition, results of operations and prospects may have changed since those dates.

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This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of the notes we are offering and certain other matters. The second part, the base prospectus dated February 26, 2009, provides more general information about the various securities that we may offer from time to time, some of which information may not apply to the notes we are offering hereby. Generally when we refer to this prospectus, we are referring to both this prospectus supplement and the base prospectus combined. If any of the information in this prospectus supplement is inconsistent with any of the information in the base prospectus, you should rely on the information in this prospectus supplement.

Incorporation by Reference

The Securities and Exchange Commission ("SEC") allows us to "incorporate by reference" information we file with it. This means that we can disclose important information to you by referring you to those documents. Any information we reference in this manner is considered part of this prospectus. Information we file with the SEC after the date of this prospectus will automatically update and, to the extent inconsistent, supersede the information contained in this prospectus.

We incorporate by reference the documents listed below and future filings we make with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") after the date of this prospectus supplement and before the termination of this offering.

Our Annual Report on Form 10-K for the year ended December 31, 2008;

Our Definitive Proxy Statement filed on Schedule 14A relating to our 2009 Annual Meeting of Shareholders;

Our Quarterly Report on Form 10-Q for the quarter ended March 31, 2009;

Our Current Reports on Form 8-K and 8-K/A filed on September 29, 2008, January 12, 2009, January 26, 2009, February 20, 2009, March 23, 2009, April 27, 2009 and May 15, 2009; and

The description of our Class A Stock contained in our Registration Statement on Form 8-A which was declared effective by the SEC on or about October 20, 1987, and the description of our Rights to Purchase Series B Junior Participating Preferred Stock contained in our Registration Statement on Form 8-A filed with the SEC on December 7, 1999.

Special Note Regarding Forward-Looking Statements

This prospectus supplement and the information incorporated by reference in this prospectus supplement and the accompanying prospectus contains statements that are, or may be deemed to be, "forward-looking statements" within the meaning of Section 27A of the Securities Act and Section 21E of the Securities Exchange Act of 1934, as amended. These statements relate to future events or our future financial performance. We have attempted to identify forward-looking statements by terminology such as "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "should," "would" or "will" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including those discussed under "Risk Factors," which could cause our actual results to differ from those projected in any forward-looking statements we make.

We believe that it is important to communicate our future expectations to our investors. However, there may be events in the future that we are unable to accurately predict or control and that may cause our actual results to differ materially from the expectations we describe in our forward-looking statements. Forward-looking statements speak only as of the date of such statement. We do not plan to publicly update or revise any forward-looking statements after we distribute this prospectus, whether as a result of any new information, future events or otherwise. Potential investors should not place undue reliance on

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our forward-looking statements. Before you invest in the notes, you should be aware that the occurrence of any of the events described in the "Risk Factors" section and elsewhere in this prospectus and the information incorporated by reference into this prospectus could harm our business, prospects, operations and financial condition. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information contained elsewhere in this prospectus and in the documents we incorporate by reference. This summary is not complete and does not contain all of the information that you should consider before deciding whether or not to invest in the notes. For a more complete understanding of our company and this offering, we encourage you to read this entire document, including "Risk Factors," the financial and other information incorporated by reference in this prospectus and the other documents to which we have referred. Unless otherwise indicated or required by the context, as used in this prospectus, the terms "we," "our" and "us" refer to Berry Petroleum Company. Some of the oil and gas terms we use are defined under "Glossary of Oil and Natural Gas Terms." Unless otherwise indicated or required by the context, references to "pro forma" give effect to our July 2008 acquisition of properties in Limestone and Harrison Counties, Texas, as if the acquisition had occurred on January 1, 2008. DeGolyer and MacNaughton ("D&M"), independent petroleum engineers, provided the estimates of our proved oil and natural gas reserves as of December 31, 2006, 2007 and 2008, included in this prospectus supplement.

Berry Petroleum Company

We are an independent energy company engaged in the production, development, exploitation and acquisition of crude oil and natural gas. We can trace our roots in California oil production back to 1909, and we have been a publicly traded company since 1987. Since 2002, we have expanded our portfolio of assets to include oil and natural gas properties in the Rocky Mountain region and, in 2008, the East Texas region. Our selective acquisitions have been driven by a consistent focus on properties with proved reserves and significant growth potential through low-risk development. We focus on growing reserves and production by developing known undeveloped reserves rather than through exploration. We maintain a geographically diverse portfolio of assets that generally have long reserve lives, stable and predictable well production characteristics and significant inventories of relatively low-risk repeatable drilling and recompletion opportunities. In April 2009, we sold our natural gas assets in the Denver-Julesburg basin in Colorado ("DJ Basin").

As of December 31, 2008, our estimated proved reserves were 246 MMBOE, up 45% from 169 MMBOE as of December 31, 2007, of which 51% were crude oil, 49% were natural gas and 55% were proved developed. The 88 MMBOE of net reserve additions before production in 2008 replaced 756% of our production during the year. Of such net reserve additions, 38 MMBOE, or 329% of our production, was replaced from our drilling activities. Our reserve replacement has been achieved through low cost and low risk drilling and acquisitions, with 2008 finding, development and acquisition ("F&D") costs of $12.28/BOE. See " Non-GAAP Financial Measures F&D Costs." We also achieved production of 32.0 MBOE/D in 2008, a 19% increase from 2007, which implies a reserve life index of approximately 21 years based on our year-end 2008 reserves.

Approximately 64% of our oil and natural gas sales volumes in 2008 were crude oil, with 82% of the crude oil being heavy oil produced in California. Our California reserves are characterized by long-lived predictable production with low base decline rates which provide us with strong margins and a steady source of cash flow. The cash flow from these properties funds our significant drilling inventory and the development of our substantial undeveloped reserves. Our consumption of natural gas to produce steam for our California oil production provides us with a natural hedge of approximately 26,000 MMBtu/D on our natural gas production in East Texas and Colorado. We have further protected our 2009 and 2010 cash flows through hedges on approximately 90% and 75% of our anticipated crude oil production for 2009 and 2010, respectively. Our strong hedge position, our ability to generate free cash flow and our operating control of 99% of our assets further enhances our ability to perform in volatile environments.

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Operations Overview

We have organized our operations into five asset teams as follows: South Midway Sunset, California, including our Poso Creek and Ethel D properties ("S. Midway"), North Midway Sunset, California, including our diatomite and Placerita oil assets ("N. Midway"), East Texas, Uinta, Utah and Piceance, Colorado. The following table sets forth the estimated quantities of proved reserves, production and acreage attributable to our principal operating areas for the periods indicated and shows the effect of the sale of our DJ Basin assets.

	Proved Reserves as of December 31, 2008				Average Daily Production		
Operating Areas	**Total (MMBOE)**	**% Oil**	**% Proved Developed**	**Average % Working Interest**	**Year Ended December 31, 2008 (MBOE/D)**	**Quarter Ended March 31, 2009 (MBOE/D)**	**Net Acreage**
S. Midway Sunset, CA	64.9	100	74	98	11.9	11.4	3,087
Uinta, UT	23.3	65	47	98	6.2	5.4	36,635
DJ Basin, CO	21.5		61	51	3.3	3.1	67,418
N. Midway Sunset, CA	44.4	100	44	100	4.7	5.1	2,235
Piceance Basin, CO	41.8		32	41	3.5	3.3	3,157
Limestone & Harrison Counties, TX	50.0		60	100	2.4(1)	5.0	4,508
Total	245.9	51	55		32.0(1)	33.3	117,040
Less: DJ Basin, CO(2)	21.5		61	51	3.3	3.1	67,418
Pro Forma Total	224.4	56	54		28.7(1)	30.2	49,622

(1) Includes production from the East Texas Assets, as defined below, from July 15, 2008 through December 31, 2008.

(2) Sold on April 1, 2009.

California

S. Midway. We own and operate properties in the South Midway Sunset Field. Production from our properties in the South Midway Sunset Field relies on thermal enhanced oil recovery ("EOR") methods, primarily cyclic steaming to place steam effectively into the remaining oil column. This is our most mature thermally enhanced asset with production from our Ethel D properties having commenced 100 years ago. We have planned a five-year, 150-well drilling program at Ethel D to develop the significant undeveloped reserves we believe are remaining on this asset. In 2008, we added 20 horizontal wells below existing horizontal wells at the South Midway Sunset Field, and we further developed Ethel D by drilling 32 producers and initiating a pilot steam flood. In 2009, we plan to drill ten additional, deeper horizontal wells, eight of which are now currently on production and performing in line with expectations. We also plan to evaluate the Ethel D steam flood pilot and reduce operating costs through optimization of well servicing and steam placement.

In early 2003, we acquired the Poso Creek properties in the San Joaquin Valley for approximately $3 million and have proceeded with a successful thermal EOR redevelopment. Average production from these properties increased from 1,950 Bbl/D in 2007 to 3,100 Bbl/D in 2008. In 2009, we expect production at Poso Creek to increase as the steam flood patterns we developed in 2008 continue to respond. We expect to focus our efforts in 2009 on improving steam-oil ratios and lowering operating expenses.

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N. Midway. In late 2006, we began the full-scale development of our N. Midway diatomite oil asset and have drilled 190 wells on this property. In 2008, total proved reserves and production from the N. Midway diatomite asset were 30.6 MBOE and 0.7 MBOE, respectively, representing an increase from 2007 of 162% in proved reserves and 86% in production. We expect significant proved reserve additions from this asset, where we are targeting ultimate recovery of oil in place of 23% with upside potential to 40%, which is comparable to other diatomite developments in California. In 2008, capital was focused on drilling approximately 85 diatomite wells, completing major infrastructure upgrades that will support future development, increasing steam injection and further refining our thermal recovery techniques. In 2009, we plan to invest $37 million to drill an additional 44 diatomite wells, 15 of which had been drilled as of March 31, 2009, and to install additional steam generation facilities. Diatomite production is expected to increase over 50% in 2009, averaging approximately 3,000 Bbl/D.

East Texas

On July 15, 2008, we acquired (the "East Texas Acquisition") certain interests in natural gas producing properties in the East Texas Cotton Valley on 4,500 net acres in Limestone and Harrison Counties in East Texas (the "East Texas Assets") for approximately $668 million in cash. The East Texas Assets included 140 producing natural gas wells as of March 31, 2009, and we have identified approximately 70 drilling locations targeting multi-zone stacked pay opportunities. The East Texas Assets established a core area in a prolific natural gas basin with a substantial inventory of repeatable drilling and recompletion projects from relatively low risk, multiple stacked reservoirs. In Limestone County, we are targeting seven productive sands including the Cotton Valley and Bossier sands at depths between 8,000 and 13,000 feet. In Harrison County, we are targeting five productive sands with average depths between 6,500 and 13,000 feet. We believe we have additional upside potential in the Haynesville and Bossier Shales. We executed a five rig program in 2008, and as of March 31, 2009, 23 wells have been drilled and put on production since acquiring the East Texas Assets. Production from our East Texas Assets averaged 31 MMcf/D and 30 MMcf/D in the fourth quarter of 2008 and the first quarter of 2009, respectively. We currently operate a one rig program and plan to begin drilling our first horizontal Haynesville well in Harrison County in the third quarter of 2009.

Rockies

Uinta. In 2003, we established our initial acreage position in the Uinta Basin, targeting the Green River formation that produces both light oil and natural gas. We acquired for approximately $45 million the Brundage Canyon leasehold in Duchesne County, northeastern Utah, which consists of working interests in approximately 55,000 undeveloped gross acres which include federal, tribal and private leases. In 2004, we acquired working interests in approximately 163,000 gross acres in the Lake Canyon project, which is located immediately west of our Brundage Canyon producing properties. Total production in Uinta averaged 6,142 BOE/D in 2008 compared to 5,743 BOE/D in 2007. Average daily production in Uinta during the three months ended March 31, 2009 was approximately 5,410 BOE/D. In 2008, we drilled 51 gross (50 net) wells, which included 47 wells at Brundage Canyon, including eight Ashley Forest wells, and four Green River wells at Lake Canyon. In 2009, capital is primarily directed at facility upgrades, pursuing the remaining three Lake Canyon completions and the completion of the Ashley Forest Environmental Impact Study.

Piceance. We have two properties in the Piceance Basin in Colorado targeting the Williams Fork section of the Mesaverde formation. We have a 50% working interest in 6,300 gross acres on our Garden Gulch property and a net operating working interest of 95% in 4,300 gross acres and a 5% non-operating working interest on 6,300 gross acres on our North Parachute Ranch property. We believe we have accumulated a sizable resource base with over 900 drilling locations which will allow us to add significant proved reserves over the next several years. Total production in Piceance averaged 20.8 MMcf/D in 2008 in comparison to 10.2 MMcf/D in 2007, and averaged 20.3 MMcf/D during the three months ended

March 31, 2009. We operated a four rig drilling program for most of 2008 and drilled 54 gross (27 net) wells at Garden Gulch and 18 gross (17 net) wells at North Parachute. Significant progress was made during 2008 in reducing the days required to drill wells. By the end of 2008, the number of drilling days averaged 10 days on Garden Gulch and 11 days in North Parachute, a 40% reduction in drilling times compared to early 2008. Our focus in 2009 will be on reducing our drilling and completion cost structure along with evaluating reservoir parameters and completion practices to improve ultimate recoveries. We currently have an inventory of approximately 44 completions and recompletions that we will be evaluating for supplemental capital expenditures should commodity prices warrant.

Competitive Strengths

Balanced High Quality Asset Portfolio. Since 2002, we have grown our asset base and diversified our California heavy oil assets through acquisitions in the Rocky Mountain and East Texas regions that have significant growth potential. Our diverse asset base provides us with the flexibility to reallocate capital among our assets depending on fluctuations in oil and natural gas prices as well as area economics.

Long Lived Proved Reserves with Stable Production Characteristics. Our properties generally have long reserve lives and reasonably stable and predictable well production characteristics with a ratio of proved reserves to production (based on the year ended December 31, 2008) of approximately 21 years.

Low-Risk Multi-Year Drilling Inventory in Established Resource Plays. Most of our drilling locations are located in proven resource plays that possess low geologic risk leading to predictable drilling results. Our California assets have an average depth of less than 1,500 feet and are located in areas where we are an established producer. Our East Texas Assets provide us with the opportunity for repeated development of multiple stacked reservoirs in the Travis Peak, Cotton Valley and Bossier sands. Our historical drilling success rate for the three years ended December 31, 2008 averaged 98%.

Track Record of Efficient Proved Reserve and Production Growth. For the three years ended December 31, 2008, our proved reserves and production increased at an annualized compounded rate of 25% and 12%, respectively. For example, our drilling and production efficiencies and selective acquisitions have allowed us to increase our California proved reserve inventory from 102 MMBOE as of December 31, 2002 to 109 MMBOE as of December 31, 2008 after cumulative production of 34.9 MMBOE during that period. We have achieved reserve replacement through low cost and low risk development drilling and acquisitions, with 2006, 2007 and 2008 F&D costs of $16.80/BOE, $12.47/BOE and $12.28/BOE, respectively. See " Non-GAAP Financial Measures F&D Costs."

Operational Control and Financial Flexibility. We have operating control over approximately 99% of our assets. We generally prefer to retain operating control over our properties, allowing us to more effectively control operating costs, timing of development activities and technological enhancements, marketing of production and allocation of our capital budget. In addition, the timing of most of our capital expenditures is discretionary, which allows us a significant degree of flexibility to adjust the size of our capital budget. We finance our drilling budget through our internally generated operating cash flows.

Experienced Management and Operational Teams. Our core team of technical staff and operating managers have broad industry experience, including experience in heavy oil thermal recovery operations and tight gas sands development and completion. We continue to utilize technologies and steam practices that we believe will allow us to improve the ultimate recoveries of crude oil on our mature California properties.

Corporate Strategy

Our objective is to increase the value of our business through consistent growth in our production and reserves, both through the drill-bit and acquisitions. We strive to operate our properties in an efficient

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manner to maximize the cash flow and earnings of our assets. The strategies to accomplish these goals include:

Developing our Existing Resource Base. We are focused on the timely and prudent development of our large resource base through developmental and step-out drilling, down-spacing, well completions, remedial work and by application of EOR methods and optimization technologies, as applicable. We believe we also have large undeveloped hydrocarbon reserves in place in diatomite (N. Midway), East Texas, Uinta and Piceance. We have a proven track record of developing reserves through enhanced recovery and establishing new businesses in the Rocky Mountain and East Texas regions. We continue to focus on low-risk development of our existing assets rather than exploration.

Investing our Capital in a Disciplined Manner and Maintaining a Strong Financial Position. We focus on utilizing our available capital on projects where we are likely to have success in increasing production and/or reserves at attractive returns. We believe that maintaining a strong financial position will allow us to capitalize on investment opportunities in all commodity cycles. Our capital programs are developed to be fully funded through internally generated cash flows. We hedge a significant portion of our production and utilize long-term sales contracts whenever possible to maintain a strong financial position and provide the cash flow necessary for the development of our assets. We have hedged approximately 90% and 75% of our anticipated crude oil production for 2009 and 2010, respectively.

Accumulating Acreage Positions Near our Producing Operations. We have been successful in expanding operations through targeted acreage acquisitions in our producing areas. This strategy allows us to leverage our operating and technical expertise within the area and build on established core operations. For example, we acquired our Poso Creek assets through three separate transactions for a total of $3 million beginning in 2003 and have successfully completed thermal EOR redevelopment to increase production from under 50 Bbl/D at acquisition to 3,100 Bbl/D in 2008.

Acquiring Additional Assets with Significant Growth Potential. We will continue to evaluate oil and natural gas properties with proved reserves, probable reserves and/or acreage positions that we believe contain substantial hydrocarbons which can be developed at reasonable costs. We will continue to review asset acquisitions that meet our economic criteria with a primary focus on large repeatable development potential in these regions.

Recent Developments

We have successfully taken several actions in recent months to further enhance our liquidity and financial flexibility.

Sale of DJ Basin Assets. On March 3, 2009, we entered into an agreement to sell our DJ Basin assets and related hedges for $154 million before customary closing adjustments. We completed the sale of our DJ Basin related hedges in March 2009 for approximately $14 million and closed the sale of our DJ Basin assets on April 1, 2009 for approximately $140 million. The DJ Basin assets represented essentially all of our assets in Northeastern Colorado. These assets included natural gas reserves, mid-stream assets and an associated natural gas hedge valued at $14 million. Production from the property was approximately 3,101 BOE/D for the three months ended March 31, 2009 and, as of December 31, 2008, the property represented 21.5 MMBOE of our proved reserves. Proceeds of the sale were used to repay a portion of our borrowings outstanding under our senior secured revolving credit facility pending utilization as part of our working capital.

Borrowing Base Redetermination and Second Lien Term Loan. On April 27, 2009, we completed the scheduled redetermination of the borrowing base under our senior secured revolving credit facility and entered into a $140 million second lien term loan, which matures on January 16, 2013. Our borrowing base was set at $1.0 billion. Proceeds from the second lien term loan were used to repay a portion of our

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borrowings under our senior secured revolving credit facility. On April 27, 2009, following the closing of the second lien term loan, the outstanding amount under our senior secured revolving credit facility was approximately $735 million, providing us with approximately $275 million of liquidity.

The net proceeds from this offering will be used to repay in full the second lien term loan and reduce outstanding borrowings under our senior secured revolving credit facility. After giving effect to this offering and those repayments, we expect that our borrowing base will be reduced to $933 million and that we will have $ million in outstanding borrowings under our senior secured revolving credit facility, providing us with approximately $ million in liquidity under that facility. For more information regarding our outstanding debt, please read "Description of Other Indebtedness."

Executive Offices and Website

We were incorporated in Delaware in 1985. Our corporate headquarters and principal executive offices are located at 1999 Broadway, Suite 3700, Denver, Colorado 80202, and our telephone number is (303) 999-4400. We maintain a web site at *http://www.bry.com*. The information on our website is not part of this prospectus, and you should rely only on the information contained in this prospectus and in the documents incorporated by reference when making a decision as to whether to invest in the notes.

The Offering

The following summary contains basic information about the notes and is not intended to be complete. For a more complete understanding of the notes, please refer to the section entitled "Description of Notes" beginning on page S-38 in this prospectus supplement.

Issuer	Berry Petroleum Company
Securities offered	$300,000,000 aggregate principal amount of % Senior Notes due 2014
Maturity	May , 2014
Interest payment dates	May and November , commencing November , 2009
Make-whole redemption	We may redeem some or all of the notes at a price equal to 100% of the principal amount of the notes plus accrued and unpaid interest, if any, plus a "make-whole" premium described in "Description of Notes Optional redemption."
Mandatory offers to purchase	If a specified change of control event occurs, we must make an offer to purchase the notes at a purchase price of 101% of the principal amount of the notes, plus accrued and unpaid interest, if any, to the date of the purchase. See "Description of Notes Change of control." Certain asset dispositions will be triggering events that may require us to use the net proceeds from those asset dispositions to make an offer to purchase the notes at 100% of their principal amount, together with accrued and unpaid interest, if any, to the date of purchase if such proceeds are not otherwise used within 330 days to repay certain types of indebtedness (with a corresponding permanent reduction in commitment, if applicable) or to invest in capital assets or capital expenditures related to our business. See "Description of Notes Certain covenants Limitation on sales of assets and subsidiary stock."
Ranking	The notes will be our unsecured senior obligations. The notes will rank: effectively junior to all of our existing and future senior secured indebtedness, including our senior secured revolving credit facility and our senior secured money market line of credit; equally in right of payment with any future senior unsecured indebtedness; and senior in right of payment to all of our existing and any future subordinated indebtedness and obligations. As of March 31, 2009, after giving pro forma effect to this offering, the application of net proceeds therefrom and the application of the net proceeds of the sale of our DJ Basin assets, the notes would have ranked effectively junior to approximately $ million of senior secured indebtedness and senior to $200 million of our 8$^1/_4$% senior subordinated notes due 2016 ("8$^1/_4$% senior subordinated notes"). See "Description of Notes Ranking."

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Covenants	We will issue the notes under an indenture with Wells Fargo Bank, National Association, as trustee. The indenture will, among other things, limit our ability and the ability of our future restricted subsidiaries to: incur, assume or guarantee additional indebtedness or issue redeemable stock; pay dividends or distributions or redeem or repurchase capital stock; prepay, redeem or repurchase debt that is junior in right of payment to the notes; make loans and other types of investments; incur liens; restrict dividends, loans or asset transfers from our subsidiaries; sell or otherwise dispose of assets, including capital stock of subsidiaries; consolidate or merge with or into, or sell substantially all of our assets to, another person; enter into transactions with affiliates; and enter into new lines of business. These covenants are subject to important exceptions and qualifications, which are described under the caption "Description of Notes Certain covenants." In addition, if and for as long as the notes have an investment grade rating from both Standard & Poor's Ratings Group, Inc. and Moody's Investors Service, Inc., and no default exists under the indenture, we will not be subject to certain of the covenants listed above.
Original issue discount	The notes will be issued with original issue discount for United States federal income tax purposes. Such original issue discount will accrue from the issue date of the notes and will be included as interest income periodically in a U.S. holder's gross income for United States federal income tax purposes in advance of receipt of the cash payments to which such income is attributable, regardless of the holders' method of accounting. Please see "Certain United States Federal Tax Considerations Consequences to U.S. Holders Original Issue Discount."
Use of proceeds	We intend to use the net proceeds from this offering to repay in full our second lien term loan and a portion of our current borrowings under our senior secured revolving credit facility. See "Use of Proceeds."

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Summary Historical and Pro Forma Financial Data

The following table shows our summary historical financial data as of and for the periods indicated and summary pro forma financial data as of and for the year ended December 31, 2008. Our summary historical financial data are derived from our unaudited financial statements and, in our opinion, have been prepared on the same basis as the audited financial statements and include all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of this information. Certain historical amounts have been reclassified to conform to the current presentation. On May 17, 2006, a two-for-one stock split was approved. All per share amounts have been adjusted for the split.

The unaudited financial data set forth below with respect to the fiscal years ended December 31, 2006, 2007 and 2008 have been revised from the presentation in our audited financial statements for such periods to reflect (1) the presentation as discontinued operations of our DJ Basin assets, which were sold on April 1, 2009, in accordance with Statement of Financial Accounting Standards (SFAS) No. 144, "*Accounting for the Impairment or Disposal of Long-Lived Assets*," and (2) our implementation of *FASB Staff Position No. EITF 03-06-1, Determining Whether Instruments Granted in Share-Based Payment Transactions Are Participating Securities*, which requires the revision of prior period basic and diluted earnings per share data. For more information, please read our audited financial statements as of December 31, 2007 and 2008 and for the fiscal years ended December 31, 2006, 2007 and 2008 included in our Annual Report on Form 10-K for the year ended December 31, 2008. These revisions will be reflected in our audited financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2009 and any registration statement we file with the SEC prior to filing such Annual Report.

The summary pro forma financial data set forth below is derived from our unaudited pro forma financial statements included in our Current Report on Form 8-K filed with the SEC on May 15, 2009. The summary pro forma financial data combines the East Texas Assets operations, which were acquired on July 15, 2008, and our historical statements of operations, and gives effect to the East Texas Acquisition, including the payment of the expenses related to the East Texas Acquisition, and the sale of our DJ Basin assets, which was completed on April 1, 2009.

You should read the summary historical and pro forma financial data below in conjunction with our historical and pro forma financial statements and the accompanying notes, all of which are incorporated by reference into this prospectus. You should also read the sections entitled "Risk Factors" included elsewhere in this prospectus and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our Annual Report on Form 10-K for the year ended December 31, 2008 and our Quarterly Report on Form 10-Q for the period ended March 31, 2009.

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($ in thousands, except ratios and earnings per share)	Historical Year Ended December 31, 2006	2007	2008	Three Months Ended March 31, 2008	2009	Pro Forma Year Ended December 31, 2008
Statement of operations data:						
Revenues:						
Sales of oil and natural gas	$396,497	$433,208	$649,248	$151,666	$127,869	$ 695,779
Sales of electricity	52,932					