AVIS BUDGET GROUP, INC.
Form 4
January 23, 2015

FORM 4

OMB APPROVAL
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Deaver W Scott

(Last) (First) (Middle)

6 SYLVAN WAY

(Street)

PARSIPPANY, NJ 07054

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
AVIS BUDGET GROUP, INC. [CAR]

3. Date of Earliest Transaction (Month/Day/Year)
01/21/2015

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
EVP, Strategy

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	01/22/2015		M		1,002	A	$ 0 (1)	47,750 (2)	D	
Common Stock	01/22/2015		F(3)		371	D	$ 62.93	47,379 (2)	D	
Common Stock	01/22/2015		M		2,835	A	$ 0 (1)	50,214 (2)	D	
Common Stock	01/22/2015		F(4)		1,105	D	$ 62.93	49,109 (2)	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Restricted Stock Units	$ 0 (1)	01/21/2015		A		5,722		(5)	(6)	Common Stock	5,722
Performance Based Restricted Stock Units	$ 0 (1)	01/21/2015		A		3,678		(7)	(6)	Common Stock	3,678
Restricted Stock Units	$ 0 (1)	01/22/2015		M			1,002	(8)	(6)	Common Stock	1,002
Restricted Stock Units	$ 0 (1)	01/22/2015		M			2,835	(9)	(6)	Common Stock	2,835

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Deaver W Scott 6 SYLVAN WAY PARSIPPANY, NJ 07054			EVP, Strategy	

Signatures

Jean M. Sera, by Power of Attorney for W. Scott Deaver	01/23/2015
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Represents restricted stock units which automatically convert to Common Stock upon the vesting of such units on a one-to-one basis.

(2) The total amount of securities beneficially owned has been amended to correct an error in previous filings.

(3) Represents tax withholdings in connection with the vesting of 1,002 shares of restricted stock units.

(4) Represents tax withholdings in connection with the vesting of 2,835 shares of restricted stock units.

(5) Units vest in three equal installments on January 21, 2016, 2017 and 2018.

(6) Expiration date not applicable.

(7) Units vest on January 21, 2018 based on the Company's attainment of pre-established financial performance goals.

(8) One-third of the units vest on the first anniversary of the date of grant and two-thirds of the units vest on the second anniversary of the date of grant.

(9) Grant vests in three equal installments on January 22, 2015, 2016 and 2017.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. ace="Times New Roman" style="font-size:12.0pt;">$

72,000

$

-

$

-

U.S. government bonds

100,000

100,000

-

-

Corporate bonds

400,000

400,000

Explanation of Responses:

-

-

Fixed income exchange-traded funds

850,000

850,000

-

Explanation of Responses:

-

Preferred securities

232,000

232,000

-

-

Explanation of Responses:

Equity securities exchange-traded funds

283,000

283,000

-

-

Equities

3,451,000

Explanation of Responses:

3,451,000

-

-

Explanation of Responses:

Total

$

5,388,000

$

5,388,000

$

-

$

-

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11. INCOME TAXES

The components of loss before income taxes, after adjusting the loss for non-controlling interests, are as follows:

	Year ended September 30,	
	2013	2012
United States	**$ (4,832,000)**	$ (8,936,000)
Canada	**(5,228,000)**	(2,297,000)
	$ (10,060,000)	$(11,233,000)

The components of the income tax (benefit) provision related to the above losses are as follows:

		Year ended September 30,	
		2013	2012
Current (benefit) provision:			
United States	Federal	**$ -**	$ -
United States	State	**(82,000)**	-
		(82,000)	-
Canadian		**45,000**	200,000
Total current		**(37,000)**	200,000
Deferred benefit:			
United States		**82,000**	(380,000)
Canadian		**(1,542,000)**	(917,000)
Total deferred		**(1,460,000)**	(1,297,000)
		$ (1,497,000)	$ (1,097,000)

Barnwell s effective consolidated income tax rate for fiscal 2013, after adjusting loss before income taxes for non-controlling interests, was 15%, as compared to 10% for fiscal 2012.

Consolidated taxes do not bear a customary relationship to pretax losses due primarily to the fact that Canadian income taxes are not sheltered by U.S. source losses, Canadian income taxes are not estimated to have a current or future benefit as foreign tax credits or deductions for U.S. tax purposes, and U.S. consolidated net operating losses are not estimated to have any future U.S. tax benefit prior to expiration.

Included in the income tax benefit for fiscal 2012 is a $93,000 benefit from lapsing of the statute of limitations and the related accrued interest for uncertain tax positions related to Canadian income taxes. There is no such benefit included in the income tax benefit for fiscal 2013.

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A reconciliation between the reported income tax benefit and the amount computed by multiplying the loss attributable to Barnwell before income taxes by the U.S. federal tax rate of 35% is as follows:

	Year ended September 30, 2013	2012
Tax benefit computed by applying statutory rate	**$ (3,521,000)**	$ (3,932,000)
Increase in the valuation allowance	**2,978,000**	3,968,000
Additional effect of the foreign tax provision on the total tax provision	**(1,018,000)**	(606,000)
Expiration of foreign tax credit carryforward	**249,000**	-
State income tax benefit	**(365,000)**	(389,000)
Other	**180,000**	(138,000)
	$ (1,497,000)	$ (1,097,000)

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The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are as follows:

	September 30,	
	2013	2012
Deferred income tax assets:		
U.S. tax effect of deferred Canadian taxes	**$ 526,000**	$ 1,082,000
Foreign tax credit carryover	**1,715,000**	1,955,000
Alternative minimum tax credit carryover	**460,000**	460,000
U.S. federal net operating loss carryover	**4,903,000**	2,613,000
Tax basis of investment in land and residential real estate in excess of book basis	**1,756,000**	1,661,000
Property and equipment accumulated tax depreciation and depletion in excess of book under U.S. tax law	**5,196,000**	4,480,000
Liabilities accrued for books but not for tax under U.S. tax law	**4,338,000**	4,192,000
Liabilities accrued for books but not for tax under Canadian tax law	**2,409,000**	1,732,000
Other	**2,085,000**	1,869,000
Total gross deferred tax assets	**23,388,000**	20,044,000
Less valuation allowance	**(20,979,000)**	(18,233,000)
Net deferred income tax assets	**2,409,000**	1,811,000
Deferred income tax liabilities:		
Property and equipment accumulated tax depreciation and depletion in excess of book under Canadian tax law	**(3,957,000)**	(4,913,000)
Other	**(95,000)**	(92,000)
Total deferred income tax liabilities	**(4,052,000)**	(5,005,000)
Net deferred income tax liability	**$ (1,643,000)**	$ (3,194,000)

Net deferred income tax liability is included in the Consolidated Balance Sheets as follows:

	September 30,	
	2013	2012
Current deferred income tax asset (included in other current assets)	**$ 247,000**	$ 113,000
Deferred income tax liability	**(1,890,000)**	(3,307,000)
Net deferred income tax liability	**$ (1,643,000)**	$ (3,194,000)

The total valuation allowance increased $2,746,000 for the year ended September 30, 2013. The increase was due primarily to a U.S. federal net operating loss and asset impairments for books but not tax. Of the total increase in the valuation allowance for fiscal 2013, $2,978,000 was recognized as income tax expense and $232,000 was credited to accumulated other comprehensive income.

Net deferred tax assets at September 30, 2013 of $2,409,000 consists of Canadian deferred tax assets related to liabilities accrued for book purposes but not for tax purposes that are estimated to be realized through future Canadian income tax deductions against future Canadian oil and natural gas earnings.

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At September 30, 2013, Barnwell had foreign tax credit carryovers, alternative minimum tax credit carryovers, and U.S. federal net operating loss carryovers totaling $1,715,000, $460,000 and $14,420,000, respectively. All three items were fully offset by valuation allowances at September 30, 2013. The net operating loss carryovers expire in fiscal years 2031-2033, and the foreign tax credit carryovers expire in fiscal years 2017-2023.

FASB ASC Topic 740, *Income Taxes*, prescribes a threshold for recognizing the financial statement effects of a tax position when it is more likely than not, based on the technical merits, that the position will be sustained upon examination by a taxing authority.

Barnwell files U.S. federal income tax returns, income tax returns in various U.S. states, and Canadian federal and provincial tax returns. A number of years may elapse before an uncertain tax position, for which we have unrecognized tax benefits, is audited and finally resolved. While it is often difficult to predict the final outcome or the timing of resolution of any particular uncertain tax position, we believe that our unrecognized tax benefits reflect the more likely than not outcome. We adjust these unrecognized tax benefits, as well as the related interest, based on ongoing changes in facts and circumstances. Settlement of any particular position could require the use of cash. Favorable resolution for an amount less than the amount estimated by Barnwell would be recognized as a decrease in the effective income tax rate in the period of resolution, and unfavorable resolution in excess of the amount estimated by Barnwell would be recognized as an increase in the effective income tax rate in the period of resolution.

The Canada Revenue Agency is currently examining the Company s Canadian federal income tax returns for fiscal 2010 and 2011.

Below are the changes in unrecognized tax benefits.

	Year ended September 30,			
	2013		2012	
Balance at beginning of year	**$**	**722,000**	$	761,000
Accrued interest related to tax positions taken		**14,000**		(19,000)
Lapse of statute		**-**		(61,000)
Translation adjustments		**(32,000)**		41,000
Balance at end of year	**$**	**704,000**	$	722,000

The total amount of unrecognized tax benefits at September 30, 2013 that, if recognized, would impact the effective tax rate was $704,000. Included in the liability for unrecognized tax benefits at September 30, 2013 and 2012, is accrued interest of $86,000 and $75,000, respectively.

Uncertain tax positions consist of Canadian federal and provincial audit issues that involve transfer pricing adjustments. Because of a lack of clarity and uniformity regarding allowable transfer pricing valuations by differing jurisdictions, it is reasonably possible that the total amount of uncertain tax positions may significantly increase or decrease within the next 12 months, and the estimated range of any such variance is not currently estimable based upon facts and circumstances as of September 30, 2013.

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Included below is a summary of the tax years, by jurisdiction, that remain subject to examination by taxing authorities at September 30, 2013:

Jurisdiction	Fiscal Years Open
U.S. federal	2010 2012
Various U.S. states	2010 2012
Canada federal	2005 2012
Various Canadian provinces	2005 2012

12. REDUCTION OF CARRYING VALUE OF ASSETS

During fiscal years 2013 and 2012, Barnwell reduced the carrying value of certain assets. A breakdown of the reduction of the carrying value of assets as reported in the Consolidated Statements of Operations is as follows:

	Year ended September 30,	
	2013	2012
Oil and natural gas properties	**$ 4,506,000**	$ 2,551,000
Real estate held for sale	**-**	1,854,000
Investment in joint ventures	**-**	1,754,000
Lot acquisition rights Mauka Lands	**-**	488,000
Total reduction of carrying value of assets	**$ 4,506,000**	$ 6,647,000

Oil and Natural Gas Properties

Under the full cost method of accounting, the Company performs quarterly oil and natural gas ceiling test calculations. Barnwell s net capitalized costs exceeded the ceiling limitations at March 31, 2013, December 31, 2012 and September 30, 2012. As such, Barnwell reduced the carrying value of its oil and natural gas properties by $4,506,000 and $2,551,000 during the years ended September 30, 2013 and 2012, respectively.

Real Estate Held for Sale

In fiscal 2012, Kaupulehu 2007 entered into a contract to sell one of the luxury residences at a price below carrying value. Accordingly, Barnwell recorded a $1,854,000 reduction in the carrying value of real estate held for sale in fiscal 2012 to reflect this decline in the estimated market value. No reduction in the carrying value was necessary during the year ended September 30, 2013.

Investment in Joint Ventures

Due to uncertainty regarding the financial condition of Hualalai Investors JV, LLC and Hualalai Investors II, LLC, owners of Hualalai Resort, in which the Company owns 1.5% passive minority interests, and the duration of current economic conditions and the corresponding impact of such conditions on the Company s ability to recover its investment within the Company s currently estimated holding period, the Company wrote off its remaining $1,754,000 investment in joint ventures in fiscal 2012 as management concluded that there was an other-than-temporary impairment of these investments.

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Lot Acquisition Rights

Barnwell, through wholly-owned Kaupulehu Mauka Investors, LLC, owns acquisition rights as to 14 lots within agricultural-zoned leasehold land in the upland area of Kaupulehu (Mauka Lands) situated between the Queen Kaahumanu Highway and the Mamalahoa Highway at Kaupulehu, on the island of Hawaii. Due to heightened uncertainty regarding the likelihood of development of the Mauka Lands, and accordingly, the corresponding impact of such conditions on the Company s ability to recover its investment in lot acquisition rights, the Company wrote off its remaining $488,000 investment in lot acquisition rights in fiscal 2012.

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13. SEGMENT AND GEOGRAPHIC INFORMATION

Barnwell operates the following segments: 1) exploring for, developing, producing and selling oil and natural gas in Canada (oil and natural gas); 2) investing in land interests in Hawaii (land investment); 3) drilling wells and installing and repairing water pumping systems in Hawaii (contract drilling); and 4) developing homes for sale in Hawaii (residential real estate).

The following table presents certain financial information related to Barnwell s reporting segments. All revenues reported are from external customers with no intersegment sales or transfers.

	Year ended September 30,	
	2013	2012
Revenues:		
Oil and natural gas	**$ 21,376,000**	$ 24,610,000
Land investment	**282,000**	482,000
Contract drilling	**2,338,000**	2,340,000
Residential real estate	**-**	5,975,000
Other	**567,000**	633,000
Total before interest income	**24,563,000**	34,040,000
Interest income	**45,000**	22,000
Total revenues	**$ 24,608,000**	$ 34,062,000
Depletion, depreciation, and amortization:		
Oil and natural gas	**$ 8,034,000**	$ 10,367,000
Contract drilling	**394,000**	509,000
Other	**114,000**	114,000
Total depletion, depreciation, and amortization	**$ 8,542,000**	$ 10,990,000
Reduction of carrying value of assets:		
Oil and natural gas	**$ 4,506,000**	$ 2,551,000
Land investment	**-**	488,000
Residential real estate	**-**	1,854,000
Other	**-**	1,754,000
Total reduction of carrying value of assets	**$ 4,506,000**	$ 6,647,000
Operating (loss) profit (before general and administrative expenses):		

Oil and natural gas	**$ (1,156,000)**	$ 1,247,000
Land investment	**282,000**	(6,000)
Contract drilling	**(295,000)**	(1,160,000)
Residential real estate	**-**	(1,869,000)
Other	**453,000**	(1,235,000)
Total operating loss	**(716,000)**	(3,023,000)
General and administrative expenses	**(8,911,000)**	(8,268,000)
Interest expense	**(587,000)**	(790,000)
Interest income	**45,000**	22,000
Loss before income taxes	**$ (10,169,000)**	$ (12,059,000)

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Capital Expenditures:

	Year ended September 30,	
	2013	2012
Oil and natural gas	**$ 7,506,000**	$ 4,915,000
Contract drilling	**17,000**	72,000
Other	**2,000**	35,000
Total	**$ 7,525,000**	$ 5,022,000

Assets By Segment:

	September 30,	
	2013	2012
Oil and natural gas (1)	**$ 40,559,000**	$ 46,946,000
Land investment (2)	**2,381,000**	2,381,000
Contract drilling (2)	**2,905,000**	2,963,000
Residential real estate (2)	**5,448,000**	5,309,000
Other:		
Cash and cash equivalents	**7,828,000**	8,845,000
Corporate and other	**3,593,000**	3,446,000
Total	**$ 62,714,000**	$ 69,890,000

(1) Primarily located in the province of Alberta, Canada.

(2) Located in Hawaii.

Long-Lived Assets By Geographic Area:

	September 30,	
	2013	2012
United States	**$ 6,699,000**	$ 7,161,000
Canada	**36,988,000**	43,844,000
Total	**$ 43,687,000**	$ 51,005,000

Revenue By Geographic Area:

	Year ended September 30, 2013	2012
United States	**$ 2,643,000**	$ 8,892,000
Canada	**21,920,000**	25,148,000
Total (excluding interest income)	**$ 24,563,000**	$ 34,040,000

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14. ACCUMULATED OTHER COMPREHENSIVE INCOME

Components of accumulated other comprehensive income, net of taxes, are as follows:

	September 30, 2013	2012
Foreign currency translation	**$ 3,701,000**	$ 5,020,000
Retirement plans liability	**(710,000)**	(2,698,000)
Accumulated other comprehensive income	**$ 2,991,000**	$ 2,322,000

15. FAIR VALUE MEASUREMENTS

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Certain of our assets and liabilities are reported at fair value in the accompanying balance sheets on a nonrecurring basis; that is, the assets and liabilities are not measured at fair value on an ongoing basis but are subject to fair value adjustments in certain circumstances. The following table provides carrying value and fair value measurement information for nonrecurring fair value measurements recorded during the year ended September 30, 2012 (there were no nonrecurring fair value measurements recorded during the year ended September 30, 2013):

	Carrying Amount as of September 30, 2012	Fair Value Measurements Using: Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Reduction of Carrying Value for the year ended September 30, 2012
Real estate held for sale	$ 5,309,000	$ -	$ 5,309,000	$ -	$ 1,854,000
Investment in joint ventures	$ -	$ -	$ -	$ -	$ 1,754,000
Lot acquisition rights Mauka Lands	$ -	$ -	$ -	$ -	$ 488,000

The fair value of real estate held for sale was based on the sales price of the residence sold during the year ended September 30, 2012, which is similar and located adjacent to the remaining home. This fair value measurement has been classified as a Level 2 valuation.

Due to uncertainty regarding the financial condition of the joint venture entities in which the Company has passive interests and the duration of current economic conditions and the corresponding impact of such conditions on the Company s ability to recover its investment within the Company s currently estimated holding period, the Company wrote off its remaining $1,754,000 investment in joint ventures in fiscal 2012 as management concluded that there was an other-than-temporary impairment of these investments.

Due to heightened uncertainty regarding the likelihood of development of the Mauka Lands, and accordingly, the corresponding impact of such conditions on the Company s ability to recover its investment in lot acquisition rights, the Company wrote off its remaining $488,000 investment in lot acquisition rights in fiscal 2012.

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As further described in Note 7, the Company recognizes the fair value of a liability for an asset retirement obligation in the period in which it is incurred if a reasonable estimate of fair value can be made. Barnwell estimates the fair value of asset retirement obligations based on the projected discounted future cash outflows required to settle abandonment and restoration liabilities. Such an estimate requires assumptions and judgments regarding the existence of liabilities, the amount and timing of cash outflows required to settle the liability, what constitutes adequate restoration, inflation factors, credit adjusted discount rates, and consideration of changes in legal, regulatory, environmental and political environments. Abandonment and restoration cost estimates are determined in conjunction with Barnwell s reserve engineers based on historical information regarding costs incurred to abandon and restore similar well sites, information regarding current market conditions and costs, and knowledge of subject well sites and properties. These assumptions represent Level 3 inputs. Asset retirement obligations are not subsequently measured at fair value; however revisions are recorded when information underlying the assumptions used to estimate the existing asset retirement obligation change.

Fair Value of Financial Instruments

The carrying values of cash and cash equivalents, accounts receivable, accounts payable, accrued current liabilities and payables to joint interest owners approximate their fair values due to the short-term nature of the instruments. The carrying value of long-term debt approximates fair value as the terms approximate current market terms for similar debt instruments of comparable risk and maturities.

16. COMMITMENTS AND CONTINGENCIES

Lease Commitments

Barnwell has several non-cancelable operating leases for office space and leasehold land. Rental expense was $521,000 and $476,000 for the years ended September 30, 2013 and 2012, respectively. Barnwell is committed under these leases for minimum rental payments summarized by fiscal year as follows:

Fiscal year ending		
2014	$	494,000
2015		185,000
2016		185,000
2017		161,000
2018		46,000

Thereafter through 2026		169,000
Total	$	1,240,000

The lease payments for land were subject to renegotiation as of January 1, 2006. Per the lease agreement, the lease payments will remain unchanged pending an appraisal, whereupon the lease rent could be adjusted to fair market value. Barnwell does not know the amount of the new lease payments which could be effective upon performance of the appraisal; they may remain unchanged or increase, and Barnwell currently expects the adjustment, if any, to not be material. The future rental payment disclosures above assume the minimum lease payments for land in effect at December 31, 2005 remain unchanged through December 2025, the end of the lease term.

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Environmental Matters

As of September 30, 2013, environmental remediation costs of $783,000, which have not been discounted, were accrued in Accrued operating and other expenses on the Consolidated Balance Sheets. The amount accrued is the estimated liability for probable environmental remediation costs for soil contamination from infrastructure issues at the Dunvegan and Wood River properties. Because of the inherent uncertainties associated with environmental assessment and remediation activities, future expenses to remediate the currently identified sites in excess of the $783,000 accrued, and sites identified in the future, if any, could be incurred. No accrual for environmental remediation costs was necessary at September 30, 2012.

Legal and Regulatory Matters

Barnwell is occasionally involved in routine litigation and is subject to governmental and regulatory controls that are incidental to the ordinary course of business. Barnwell s management believes that all claims and litigation involving Barnwell are not likely to have a material adverse effect on its results of operations, financial position or liquidity.

Other Matters

Barnwell is obligated to pay Nearco, Inc. 4.2% of Kaupulehu Developments gross receipts from real estate transactions. The fees represent compensation for promotion and marketing of Kaupulehu Developments property and were determined based on the estimated fair value of such services.

In conjunction with the closing of the Increment II transaction in fiscal 2006, Kaupulehu Developments entered into an agreement to pay its external real estate legal counsel 1.5% of all Increment II percentage of sales payments received by Kaupulehu Developments for services provided by its external real estate legal counsel in the negotiation and closing of the Increment II transaction. No amounts were paid pursuant to this arrangement in fiscal years 2013 or 2012.

17. CONCENTRATIONS OF CREDIT RISK

Our oil and natural gas segment s primary concentration of credit risk is associated with two customers that individually accounted for more than 10% of total oil and natural gas segment accounts receivable: Shell Trading Canada and Keyera Partnership. At September 30, 2013, these customers accounted for 53% and 16%, respectively, or in aggregate $1,009,000, of our oil and natural gas accounts receivables.

Management does not believe significant credit risk related to these trade receivables exists at September 30, 2013 based on prior historical experience.

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18. INFORMATION RELATING TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

The following table details the effect of changes in current assets and liabilities on the Consolidated Statements of Cash Flows, and presents supplemental cash flow information:

	Year ended September 30,	
	2013	2012
Increase (decrease) from changes in:		
Receivables	**$ 180,000**	$ 2,409,000
Other current assets	**(1,218,000)**	46,000
Accounts payable	**1,863,000**	(214,000)
Accrued compensation	**155,000**	(739,000)
Other current liabilities	**(499,000)**	(357,000)
Increase from changes in current assets and liabilities	**$ 481,000**	$ 1,145,000
Supplemental disclosure of cash flow information:		
Cash paid during the year for:		
Interest	**$ 564,000**	$ 743,000
Income taxes	**$ 438,000**	$ 457,000

Capital expenditure accruals related to oil and natural gas exploration and development increased $1,559,000 and decreased $2,245,000 during the years ended September 30, 2013 and 2012, respectively. Additionally, during the years ended September 30, 2013 and 2012, capital expenditure accruals related to oil and natural gas asset retirement obligations increased $1,844,000 and $388,000, respectively.

19. SUBSEQUENT EVENTS

In November 2013, Kaupulehu Developments received a percentage of sales payment totaling $140,000 from the sale of one lot within Phase I of Increment I. Financial results from the receipt of this payment will be reflected in Barnwell s quarter ending December 31, 2013.

On November 27, 2013, Barnwell, through a wholly-owned subsidiary, entered into two limited liability limited partnerships, KD Kona 2013 LLLP and KKM Makai, LLLP, and indirectly acquired 19.6% interests in WB Kukio Resorts, LLC, WB Maniniowali, LLC, and WB Kaupulehu, LLC for $5,140,000. These entities own certain real estate and development rights interests in the Kukio, Maniniowali, and Kaupulehu portions of Kukio Resort, a private residential community on the Kona coast of the Big Island of Hawaii. WB Kaupulehu, LLC, which is comprised of WB and WBKD, is the developer of Kaupulehu Lot 4A Increments I and II, the area in which Barnwell has interests in percentage of sales payments. The limited liability limited partnership agreements provide for a priority return of Barnwell s investment prior to profit distributions.

Barnwell, through affiliated entities, borrowed approximately $4,140,000 under a new bank loan to partially fund the acquisition, and Barnwell expects that it will pay approximately $1,000,000 in the forthcoming months to fund the remainder of the acquisition. The bank loan matures in November 2015, with an option to extend one year, and accrues interest for the first year at the Federal Home Loan

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Bank s fixed rate plus 4.00% and resets annually thereafter. Principal payments are due on the receipt of percentage of sales payments from the sale of lots within Kaupulehu Lot 4A Increments I and II, upon the sale of Barnwell s real estate held for sale and two residential parcels, and on receipt of cash distributions from the entities noted above. Barnwell is a guarantor of the loan.

As a result of this transaction, whereas Barnwell was not affiliated with the aforementioned entities prior to this transaction, henceforth Barnwell will have an ownership interest and affiliation with these entities. This transaction will be reflected in Barnwell s quarter ending December 31, 2013.

20. SUMMARY OF SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

Disclosure is not required as Barnwell qualifies as a smaller reporting company.

21. SUPPLEMENTARY OIL AND NATURAL GAS INFORMATION (UNAUDITED)

The following tables summarize information relative to Barnwell s oil and natural gas operations, which are conducted in Canada. Proved reserves are the estimated quantities of oil, natural gas and natural gas liquids which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions. Proved producing oil and natural gas reserves are reserves that can be expected to be recovered through existing wells with existing equipment and operating methods. The estimated net interests in total proved and proved producing reserves are based upon subjective engineering judgments and may be affected by the limitations inherent in such estimations. The process of estimating reserves is subject to continual revision as additional information becomes available as a result of drilling, testing, reservoir studies and production history. There can be no assurance that such estimates will not be materially revised in subsequent periods.

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(A) *Oil and Natural Gas Reserves*

The following table summarizes changes in the estimates of Barnwell s net interests in total proved developed reserves of oil and natural gas liquids and natural gas, which are all in Canada. The Company has no proved undeveloped reserves. All of the information regarding reserves in this Form 10-K is derived from the report of our independent petroleum reserve engineers, InSite, and is included as an Exhibit to this Form 10-K.

	OIL & NGL (Bbls)	GAS (Mcf)	Total (Boe)
Proved reserves:			
Balance at September 30, 2011	1,184,000	14,943,000	3,760,000
Revisions of previous estimates	97,000	(1,121,000)	(96,000)
Extensions, discoveries and other additions	56,000	40,000	63,000
Less production	(259,000)	(2,753,000)	(734,000)
Balance at September 30, 2012	1,078,000	11,109,000	2,993,000
Revisions of previous estimates	46,000	1,137,000	242,000
Extensions, discoveries and other additions	28,000	17,000	31,000
Less production	(229,000)	(2,018,000)	(577,000)
Balance at September 30, 2013	**923,000**	**10,245,000**	**2,689,000**

(B) *Capitalized Costs Relating to Oil and Natural Gas Producing Activities*

All capitalized costs relating to oil and natural gas producing activities, which were being depleted in all years, are summarized as follows:

	September 30,	
	2013	2012
Proved properties	**$ 237,977,000**	$ 238,788,000
Unproved properties	**1,266,000**	3,645,000
Total capitalized costs	**239,243,000**	242,433,000
Accumulated depletion and depreciation	**202,400,000**	198,768,000
Net capitalized costs	**$ 36,843,000**	$ 43,665,000

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(C) *Costs Incurred in Oil and Natural Gas Property Acquisition, Exploration and Development*

	Year ended September 30, **2013**	2012
Acquisition of properties:		
Unproved	**$ 250,000**	$ 496,000
Proved	**-**	-
Exploration costs	**1,485,000**	1,778,000
Development costs	**5,771,000**	2,641,000
Total	**$ 7,506,000**	$ 4,915,000

Development costs incurred in the table above include additions and revisions to Barnwell s asset retirement obligation of $1,844,000 and $388,000 for the years ended September 30, 2013 and 2012, respectively.

(D) *Results of Operations for Oil and Natural Gas Producing Activities*

	Year ended September 30, **2013**	2012
Net revenues	**$ 21,376,000**	$ 24,610,000
Production costs	**9,992,000**	10,445,000
Depletion	**8,034,000**	10,367,000
Reduction of carrying value of oil and natural gas properties	**4,506,000**	2,551,000
Pre-tax results of operations*	**(1,156,000)**	1,247,000
Estimated income tax benefit (expense)	**335,000**	(387,000)
Results of operations*	**$ (821,000)**	$ 860,000

* Before general and administrative expenses, interest expense, and foreign exchange gains and losses.

(E) Standardized Measure, Including Year-to-Year Changes Therein, of Estimated Discounted Future Net Cash Flows

The following tables utilize reserve and production data estimated by independent petroleum reserve engineers. The information may be useful for certain comparison purposes but should not be solely relied upon in evaluating Barnwell or its performance. Moreover, the projections should not be construed as realistic estimates of future cash flows, nor should the standardized measure be viewed as representing current value.

The estimated future cash flows at September 30, 2013 and 2012 were based on weighted average sales prices, based upon the average of the price in effect on the first day of the month for the preceding twelve month period in accordance with SEC Release No. 33-8995. The future production and development costs represent the estimated future expenditures that we will incur to develop and produce the proved reserves, assuming continuation of existing economic conditions. The future income tax expenses were computed by applying statutory income tax rates in existence at September 30, 2013 and 2012 to the future pre-tax net cash flows relating to proved reserves, net of the tax basis of the properties involved.

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Material revisions to reserve estimates may occur in the future, development and production of the oil and natural gas reserves may not occur in the periods assumed and actual prices realized and actual costs incurred are expected to vary significantly from those used. Management does not rely upon this information in making investment and operating decisions; rather, those decisions are based upon a wide range of factors, including estimates of probable reserves as well as proved reserves and price and cost assumptions different than those reflected herein.

Standardized Measure of Discounted Future Net Cash Flows

	September 30,	
	2013	2012
Future cash inflows	**$ 99,867,000**	$ 109,253,000
Future production costs	**(48,186,000)**	(51,603,000)
Future development costs	**(1,472,000)**	(2,044,000)
Future income tax expenses	**(7,800,000)**	(8,260,000)
Future net cash flows	**42,409,000**	47,346,000
10% annual discount for timing of cash flows	**(10,475,000)**	(12,056,000)
Standardized measure of discounted future net cash flows	**$ 31,934,000**	$ 35,290,000

Changes in the Standardized Measure of Discounted Future Net Cash Flows

	Year ended September 30,	
	2013	2012
Beginning of year	**$ 35,290,000**	$ 48,559,000
Sales of oil and natural gas produced, net of production costs	**(11,384,000)**	(14,165,000)
Net changes in prices and production costs, net of royalties and wellhead taxes	**4,275,000**	(17,851,000)
Extensions and discoveries	**831,000**	2,312,000
Revisions of previous quantity estimates	**857,000**	4,084,000
Net change in income taxes	**(433,000)**	5,171,000
Accretion of discount	**3,376,000**	5,129,000
Other - changes in the timing of future production and other	**495,000**	(307,000)
Other - net change in Canadian dollar translation rate	**(1,373,000)**	2,358,000
Net change	**(3,356,000)**	(13,269,000)
End of year	**$ 31,934,000**	$ 35,290,000

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We have established disclosure controls and procedures to ensure that material information relating to Barnwell, including its consolidated subsidiaries, is made known to the officers who certify Barnwell s financial reports and to other members of executive management and the Board of Directors.

As of September 30, 2013, an evaluation was carried out by Barnwell s Chief Executive Officer and Chief Financial Officer of the effectiveness of Barnwell s disclosure controls and procedures. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer have concluded that Barnwell s disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) were effective as of September 30, 2013 to ensure that information required to be disclosed by Barnwell in reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the Securities Exchange Act of 1934 and the rules thereunder.

Management s Annual Report on Internal Control Over Financial Reporting

Barnwell s management is responsible for establishing and maintaining adequate internal control over financial reporting for Barnwell, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Under the supervision and with the participation of Barnwell s management, including our Chief Executive Officer and Chief Financial Officer, Barnwell conducted an evaluation of the effectiveness of its internal control over financial reporting based on the framework in *Internal Control over Financial Reporting Guidance for Smaller Public Companies* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO Framework). Based on this evaluation under the COSO Framework, management concluded that its internal control over financial reporting was effective as of September 30, 2013.

Changes in Internal Control Over Financial Reporting

There was no change in Barnwell s internal control over financial reporting during the quarter ended September 30, 2013 that materially affected, or is reasonably likely to materially affect, Barnwell s internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required is omitted pursuant to General Instruction G(3) of Form 10-K, since the Registrant will file its definitive proxy statement for the Annual Meeting of Stockholders no later than 120 days after the close of its fiscal year ended September 30, 2013, which proxy statement is incorporated herein by reference.

Barnwell adopted a Code of Ethics that applies to its Chief Executive Officer and the Chief Financial Officer. This Code of Ethics has been posted on Barnwell s website at www.brninc.com.

ITEM 11. EXECUTIVE COMPENSATION

The information required is omitted pursuant to General Instruction G(3) of Form 10-K, since the Registrant will file its definitive proxy statement for the Annual Meeting of Stockholders no later than 120 days after the close of its fiscal year ended September 30, 2013, which proxy statement is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required is omitted pursuant to General Instruction G(3) of Form 10-K, since the Registrant will file its definitive proxy statement for the Annual Meeting of Stockholders no later than 120 days after the close of its fiscal year ended September 30, 2013, which proxy statement is incorporated herein by reference.

Equity Compensation Plan Information

The following table provides information about Barnwell s common stock that may be issued upon exercise of options and rights under all of Barnwell s existing equity compensation plans as of September 30, 2013:

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders	777,250	$8.39	122,500
Equity compensation plans not approved by security holders	-	-	-
Total	777,250	$8.39	122,500

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ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required is omitted pursuant to General Instruction G(3) of Form 10-K, since the Registrant will file its definitive proxy statement for the Annual Meeting of Stockholders no later than 120 days after the close of its fiscal year ended September 30, 2013, which proxy statement is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

The information required is omitted pursuant to General Instruction G(3) of Form 10-K, since the Registrant will file its definitive proxy statement for the Annual Meeting of Stockholders no later than 120 days after the close of its fiscal year ended September 30, 2013, which proxy statement is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements

The following consolidated financial statements of Barnwell Industries, Inc. and its subsidiaries are included in Part II, Item 8:

Report of Independent Registered Public Accounting Firm KPMG LLP

Consolidated Balance Sheets September 30, 2013 and 2012

Consolidated Statements of Operations for the years ended September 30, 2013 and 2012

Consolidated Statements of Comprehensive Loss for the years ended September 30, 2013 and 2012

Consolidated Statements of Cash Flows for the years ended September 30, 2013 and 2012

Consolidated Statements of Equity for the years ended September 30, 2013 and 2012

Notes to Consolidated Financial Statements

Schedules have been omitted because they were not applicable, not required, or the information is included in the consolidated financial statements or notes thereto.

(b) Exhibits

Exhibit Number	Description
3.1	Certificate of Incorporation, as amended
3.2	Amended and Restated By-Laws(1)
4.0	Form of the Registrant s certificate of common stock, par value $.50 per share(2)
10.1	The Barnwell Industries, Inc. Employees Pension Plan (restated as of October 1, 1989)(3)

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10.2	Phase I Makai Development Agreement dated June 30, 1992, by and between Kaupulehu Makai Venture and Kaupulehu Developments(4)
10.3	KD/KMV Agreement dated June 30, 1992 by and between Kaupulehu Makai Venture and Kaupulehu Developments(4)
10.4	Form of Purchase and Sale Agreement dated February 13, 2004 by and between Kaupulehu Developments and WB KD Acquisition, LLC(5)
10.5	Form of Agreement Re Step In Rights of Kaupulehu Developments dated February 13, 2004(6)
10.6	Agreement dated May 27, 2009 which became effective June 23, 2009 by and between Kaupulehu Developments and WB KD Acquisition, LLC and WB KD Acquisition II, LLC(7)
21	List of Subsidiaries
23.1	Consent of KPMG LLP
23.2	Consent of InSite Petroleum Consultants Ltd.
31.1	Certification of Chief Executive Officer Pursuant To Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of Chief Financial Officer Pursuant To Section 302 of the Sarbanes-Oxley Act of 2002
32	Certification Pursuant To Section 906 of the Sarbanes-Oxley Act of 2002
99.1	Reserve Report Summary prepared by InSite Petroleum Consultants Ltd.
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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(1) Incorporated by reference to Form 10-Q for the quarterly period ended March 31, 2013.

(2) Incorporated by reference to the registration statement on Form S-1 originally filed by the Registrant January 29, 1957 and as amended February 15, 1957 and February 19, 1957.

(3) Incorporated by reference to Form 10-K for the year ended September 30, 1989.

(4) Incorporated by reference to Form 10-K for the year ended September 30, 1992.

(5) Incorporated by reference to the Registrant s Form 8-K filed on February 13, 2004 and previously listed as Exhibit 2.1 in Barnwell s Form 10-QSB for the quarterly period ended March 31, 2004.

(6) Incorporated by reference to the Registrant s Form 8-K filed on February 13, 2004 and previously listed as Exhibit 2.2 in Barnwell s Form 10-QSB for the quarterly period ended March 31, 2004.

(7) Incorporated by reference to Form 10-Q for the quarterly period ended June 30, 2009.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BARNWELL INDUSTRIES, INC.

(Registrant)

	/s/ Russell M. Gifford
By:	Russell M. Gifford
	Chief Financial Officer,
	Executive Vice President,
	Treasurer and Secretary
Date:	December 16, 2013

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SIGNATURES (continued)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

/s/ Morton H. Kinzler
Morton H. Kinzler

Chief Executive Officer and

Chairman of the Board
Date: December 16, 2013

/s/ Russell M. Gifford
Russell M. Gifford

Executive Vice President,

Chief Financial Officer, Treasurer,

Secretary and Director

Date: December 16, 2013

/s/ Alexander C. Kinzler
Alexander C. Kinzler

President, Chief Operating Officer,

General Counsel and Director

Date: December 16, 2013

/s/ Martin Anderson
Martin Anderson, Director

Date: December 16, 2013

/s/ James S. Barnwell
James S. Barnwell, Director

Date: December 16, 2013

/s/ Murray C. Gardner
Murray C. Gardner, Director

Date: December 16, 2013

/s/ Ahron H. Haspel
Ahron H. Haspel, Director

/s/ Robert J. Inglima, Jr.
Robert J. Inglima, Jr., Director

Date: December 16, 2013

Date: December 16, 2013

/s/ Diane G. Kranz
Diane G. Kranz, Director

Date: December 16, 2013

/s/ Kevin K. Takata
Kevin K. Takata, Director

Date: December 16, 2013

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