

BARNWELL INDUSTRIES INC  
 Form 4  
 September 15, 2006

**FORM 4** UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
 Washington, D.C. 20549

OMB APPROVAL

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**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 \*  
 Jarvis David R

2. Issuer Name and Ticker or Trading Symbol  
 BARNWELL INDUSTRIES INC  
 [BRN]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)

3. Date of Earliest Transaction  
 (Month/Day/Year)  
 09/13/2006

\_\_\_ Director \_\_\_X\_\_\_ 10% Owner  
 \_\_\_ Officer (give title below) \_\_\_ Other (specify below)

C/O MERCURY REAL ESTATE ADVISORS LLC, 100 FIELD POINT ROAD

(Street)

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

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

GREENWICH, CT 06830

(City) (State) (Zip)

**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 Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|
|                                 |                                      |  | Code                           | V Amount (A) or (D) Price   |   |  |                                   |
| Common Stock <u>(1)</u>         | 09/13/2006                           |  | P                              | 500 A \$ 20.99  | 1,569,000   | I  | See Footnote <u>(7)</u>           |
| Common Stock <u>(2)</u>         | 09/13/2006                           |  | P                              | 500 A \$ 20.99  | 1,569,000   | I  | See Footnote                      |

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

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SEC 1474 (9-02)

number.

**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) | 8. Amount or Number of Shares |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|-------------------------------|
| Equity Swap (obligation to buy) <sup>(3)</sup> | \$ 20.9997   | 09/13/2006                           |  | J/K <sup>(3)</sup>             | 1   | 09/13/2006 05/24/2007                                    | Common Stock  | 3,100                         |
| Equity Swap (obligation to buy) <sup>(4)</sup> | \$ 20.9997   | 09/13/2006                           |  | J/K <sup>(3)</sup>             | 1   | 09/13/2006 05/24/2007                                    | Common Stock  | 3,100                         |
| Equity Swap (obligation to buy) <sup>(5)</sup> | \$ 20.9997   | 09/13/2006                           |  | J/K <sup>(3)</sup>             | 1   | 09/13/2006 05/24/2007                                    | Common Stock  | 3,100                         |

## Reporting Owners

| Reporting Owner Name / Address  | Relationships |           |         |       |
|---|---------------|-----------|---------|-------|
|   | Director      | 10% Owner | Officer | Other |
| Jarvis David R<br>C/O MERCURY REAL ESTATE ADVISORS LLC<br>100 FIELD POINT ROAD<br>GREENWICH, CT 06830       |               | X         |         |       |
| MacLean Malcolm F IV<br>C/O MERCURY REAL ESTATE ADVISORS LLC<br>100 FIELD POINT ROAD<br>GREENWICH, CT 06830 |               | X         |         |       |

## Signatures

/s/ David R. Jarvis 09/14/2006

\_\_Signature of Reporting  
Person

Date

/s/ Malcolm F.  
MacLean IV 09/14/2006

\_\_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) These shares were acquired by Mercury Real Estate Advisors, LLC ("Advisors"), a registered investment adviser, on behalf of certain managed accounts (the "Managed Accounts"), for which Advisors serves as the investment adviser. Mr. David R. Jarvis is a managing member of Advisors. Mr. Jarvis disclaims beneficial ownership of the shares held directly by the Managed Accounts, except to the extent of the pecuniary interest, if any, in such shares as a result of his membership interest in Advisors, which has a contingent right to receive a performance-based advisory fee from the Managed Accounts. That performance-based fee generally qualifies for the exemption set forth in Rule 16a-1(a)(2)(ii)(C).

(2) These shares were acquired by Advisors on behalf of the Managed Accounts. Mr. Malcolm F. MacLean IV is a managing member of Advisors. Mr. MacLean disclaims beneficial ownership of the shares held directly by the Managed Accounts, except to the extent of the pecuniary interest, if any, in such shares as a result of his membership interest in Advisors, which has a contingent right to receive a performance-based advisory fee from the Managed Accounts. That performance-based fee generally qualifies for the exemption set forth in Rule 16a-1(a)(2)(ii)(C).

(3) On September 13, 2006, Advisors entered into a cash settled equity swap agreement with a Broker on behalf of a Managed Account. The settlement date of the swap agreement is May 24, 2007. On such date, the Managed Account or Broker, as applicable, will be required to make a payment to the other such that the resulting economic effect of the swap arrangement will be as if (i) the Managed Account paid Broker \$65,099.07, representing \$20.9997 for each share of BRN common stock subject to this agreement as of September 13, 2006, and (ii) Broker paid to the Managed Account the market value of 3,100 shares of BRN common stock as of May 24, 2007. Any dividends received by Broker on account of the common stock subject to this agreement will be paid to the Managed Account and the Managed Account will pay to Broker a finance charge.

(4) This swap arrangement was entered into by Advisors on behalf of the Managed Account. Mr. Jarvis disclaims beneficial ownership of the securities held directly by the Managed Accounts except to the extent of the pecuniary interest, if any, in such securities as a result of his membership interest in Advisors, which has a contingent right to receive a performance-based advisory fee from the Managed Accounts. That performance-based fee generally qualifies for the exemption set forth in Rule 16a-1(a)(2)(ii)(C).

(5) This swap arrangement was entered into by Advisors on behalf of the Managed Account. Mr. MacLean disclaims beneficial ownership of the securities held directly by the Managed Accounts except to the extent of the pecuniary interest, if any, in such securities as a result of his membership interest in Advisors, which has a contingent right to receive a performance-based advisory fee from the Managed Accounts. That performance-based fee generally qualifies for the exemption set forth in Rule 16a-1(a)(2)(ii)(C).

(6) The amounts reported in Column 5 of Table I and Column 9 of Table II are held directly by certain private investment fund (the "Funds") and the Managed Accounts, for which Advisors serves as the investment adviser. Mr. Jarvis disclaims beneficial ownership of the shares held directly by the Funds and the Managed Accounts, except to the extent of the pecuniary interest, if any, in such shares as a result of his membership interest in Advisors, which has a contingent right to receive a performance-based advisory fee from each of the Funds and Managed Accounts, or as a result of his membership interest in certain limited liability companies that serve as the general partners of certain of the Funds. That performance-based fee generally qualifies for the exemption set forth in Rule 16a-1(a)(2)(ii)(C).

(7) The amounts reported in Column 5 of Table I and Column 9 of Table II are held directly by the Funds and the Managed Accounts, for which Advisors serves as the investment adviser. Mr. MacLean disclaims beneficial ownership of the shares held directly by the Funds and the Managed Accounts, except to the extent of the pecuniary interest, if any, in such shares as a result of his membership interest in Advisors, which has a contingent right to receive a performance-based advisory fee from each of the Funds and Managed Accounts, or as a result of his membership interest in certain limited liability companies that serve as the general partners of certain of the Funds. That performance-based fee generally qualifies for the exemption set forth in Rule 16a-1(a)(2)(ii)(C).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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