UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period Ended June 30, 2018

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from_____ to _____

Commission file number 001-38606

BERRY PETROLEUM CORPORATION

(Exact name of registrant as specified in its charter)

Delaware	**81-5410470**
(State of incorporation or organization)	(I.R.S. Employer Identification Number)

5201 Truxtun Avenue
Bakersfield, California 93309
(661) 616-3900
(Address of principal executive offices, including zip code
Registrant's telephone number, including area code):

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☐ No ☒

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or emerging growth company. See definitions of "large accelerated filer," "accelerated filer","smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐	Non-accelerated filer x	Smaller reporting company ☐

Emerging Growth Company ☒

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☒

Shares of common stock outstanding as of July 31, 2018	81,336,762

TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION
Item 1. Financial Statements (unaudited)

BERRY PETROLEUM CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(in thousands, except share amounts)

	Berry Corp. (Successor)	
	June 30, 2018	**December 31, 2017**
ASSETS		
Current assets:		
Cash and cash equivalents	$ 3,600	$ 33,905
Accounts receivable, net of allowance for doubtful accounts of $950 at June 30, 2018 and $970 at December 31, 2017	56,860	54,720
Restricted cash	19,710	34,833
Other current assets	14,981	14,066
Total current assets	95,151	137,524
Noncurrent assets:		
Oil and natural gas properties	1,382,777	1,342,453
Accumulated depletion and amortization	(88,548)	(54,785)
	1,294,229	1,287,668
Other property and equipment	112,618	104,879
Accumulated depreciation	(8,928)	(5,356)
	103,690	99,523
Other noncurrent assets	22,086	21,687
Total assets	$ 1,515,156	$ 1,546,402
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	$ 113,170	$ 97,877
Derivative instruments	11,447	49,949
Liabilities subject to compromise	19,710	34,833
Total current liabilities	144,327	182,659
Noncurrent liabilities:		
Long-term debt	457,333	379,000
Derivative instruments	3,563	25,332
Deferred income taxes	—	1,888
Asset retirement obligation	88,575	94,509
Other noncurrent liabilities	12,862	3,704
Commitments and Contingencies-Note 5		
Equity:		
Series A Preferred Stock ($.001 par value, 250,000,000 shares authorized and 37,669,805 shares issued at June 30, 2018 and 35,845,001 shares issued at December 31, 2017)	335,000	335,000
Common stock ($.001 par value, 750,000,000 shares authorized and 33,087,889 shares issued at June 30, 2018 and 32,920,000 issued at December 31, 2017	33	33
Additional paid-in-capital	536,188	545,345
Treasury stock, at cost	(20,006)	—
Accumulated deficit	(42,719)	(21,068)
Total equity	808,496	859,310
Total liabilities and equity	$ 1,515,156	$ 1,546,402

The accompanying notes are an integral part of these condensed consolidated financial statements

BERRY PETROLEUM CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
(unaudited)

	Berry Corp. (Successor)				Berry LLC (Predecessor)
	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Four Months Ended June 30, 2017	Two Months Ended February 28, 2017
Revenues and other:					
Oil, natural gas and natural gas liquids sales	$ 137,385	$ 101,884	$ 263,010	$ 135,562	$ 74,120
Electricity sales	5,971	5,712	11,423	6,603	3,655
(Losses) gains on oil and natural gas derivatives	(78,143)	23,962	(112,787)	48,085	12,886
Marketing revenues	518	809	1,302	1,090	633
Other revenues	251	2,355	317	3,037	1,424
	65,982	134,722	163,265	194,377	92,718
Expenses and other:					
Lease operating expenses	41,517	45,726	85,819	58,790	28,238
Electricity generation expenses	3,135	4,465	7,725	5,613	3,197
Transportation expenses	2,343	9,404	5,321	13,059	6,194
Marketing expenses	407	730	987	1,000	653
General and administrative expenses	12,482	22,257	24,466	31,800	7,964
Depreciation, depletion, amortization and accretion	21,859	20,549	40,288	27,571	28,149
Taxes, other than income taxes	8,715	10,249	16,972	13,330	5,212
(Gains) losses on sale of assets and other, net	123	5	123	5	(183)
	90,581	113,385	181,701	151,168	79,424
Other income and (expenses):					
Interest expense	(9,155)	(4,885)	(16,951)	(6,600)	(8,245)
Other, net	(239)	2,916	(212)	2,916	(63)
	(9,394)	(1,969)	(17,163)	(3,684)	(8,308)
Reorganization items, net	456	713	9,411	(593)	(507,720)
Income (loss) before income taxes	(33,537)	20,081	(26,188)	38,932	(502,734)
Income tax expense (benefit)	(5,476)	7,961	(4,537)	15,435	230
Net income (loss)	(28,061)	12,120	(21,651)	23,497	$ (502,964)
Dividends on Series A Preferred Stock	(5,650)	(5,404)	(11,301)	(7,196)	n/a
Net income (loss) attributable to common stockholders	$ (33,711)	$ 6,716	$ (32,952)	$ 16,301	n/a
Net income (loss) per share attributable to common stockholders:					
Basic	$ (0.84)	$ 0.17	$ (0.82)	$ 0.41	n/a
Diluted	$ (0.84)	$ 0.16	$ (0.82)	$ 0.31	n/a

The accompanying notes are an integral part of these condensed consolidated financial statements.

BERRY PETROLEUM CORPORATION (Successor)
CONDENSED CONSOLIDATED STATEMENT OF EQUITY
(in thousands)
(Unaudited)

	Series A Preferred Stock	Common stock	Additional Paid-in Capital	Accumulated Deficit	Treasury Stock	Total equity
Balance, December 31, 2017	$ 335,000	$ 33	$ 545,345	$ (21,068)	$ —	$ 859,310
Stock-based compensation	—	—	2,320	—	—	2,320
Share repurchase for payment of taxes on equity awards	—	—	(176)	—	—	(176)
Cash dividends declared on Series A Preferred Stock	—	—	(11,301)	—	—	(11,301)
Purchase of rights to common stock	—	—	—	—	(20,006)	(20,006)
Net (loss) income	—	—	—	(21,651)	—	(21,651)
Balance, June 30, 2018	$ 335,000	$ 33	$ 536,188	$ (42,719)	$ (20,006)	$ 808,496

The accompanying notes are an integral part of these condensed consolidated financial statements.

BERRY PETROLEUM CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	Berry Corp. (Successor)		Berry LLC (Predecessor)
	Six Months Ended June 30, 2018	Four Months Ended June 30, 2017	Two Months Ended February 28, 2017
Cash flow from operating activities:			
Net income (loss)	$ (21,651)	$ 23,497	$ (502,964)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation, depletion, amortization and accretion	40,288	27,571	28,149
Amortization of debt issuance costs	2,651	7	416
Stock-based compensation expense	2,320	—	—
Deferred income taxes	(4,537)	14,268	9
(Decrease) increase in allowance for doubtful accounts	(20)	—	—
Derivative activities:			
Total (gains) losses	112,787	(48,085)	(12,886)
Cash settlements	(46,110)	5,856	534
Cash settlements on early-terminated derivatives	(126,949)	—	—
(Gains) losses on sale of assets and other, net	123	(25)	(25)
Reorganization items, net	(10,763)	(1,385)	501,872
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(2,120)	16,543	(9,152)
(Increase) decrease in other assets	(1,859)	(5,657)	(2,842)
Increase (decrease) in accounts payable and accrued expenses	8,421	2,461	18,330
Increase (decrease) in other liabilities	(2,129)	9,886	990
Net cash (used in) provided by operating activities	(49,548)	44,937	22,431
Cash flows from investing activities:			
Capital expenditures:			
Development of oil and natural gas properties	(37,609)	(23,258)	(859)
Purchases of other property and equipment	(7,760)	(9,620)	(2,299)
Proceeds from sale of property, plant, equipment and other	3,022	—	25
Deposit on acquisition of properties	—	(39,450)	—
Net cash used in investing activities	(42,347)	(72,328)	(3,133)
Cash flows from financing activities:			
Proceeds from sale of Series A Preferred Stock	—	—	335,000
Repayments on pre-emergence credit facility	—	—	(497,668)
Borrowings on emergence credit facility	—	36,000	—
Repayments on emergence credit facility	—	(51,000)	—
Proceeds from issuance of senior unsecured notes	400,000	—	—
Repayments on new credit facility	(409,800)	—	—
Borrowings on new credit facility	96,800	—	—
Dividends paid on Series A Preferred Stock	(11,301)	—	—
Purchase of treasury stock	(20,006)	—	—
Share repurchase for payment of taxes on equity awards	(176)	—	—
Debt issuance costs	(9,050)	—	—
Net cash provided by (used in) financing activities	46,467	(15,000)	(162,668)
Net decrease in cash, cash equivalents and restricted cash	(45,428)	(42,391)	(143,370)
Cash, cash equivalents and restricted cash:			
Beginning	68,738	85,034	228,404
Ending	$ 23,310	$ 42,643	$ 85,034

The accompanying notes are an integral part of these condensed consolidated financial statements.

Note 1 - Basis of Presentation

“Berry Corp.” refers to Berry Petroleum Corporation, a Delaware corporation which, on and after February 28, 2017 is the sole member of Berry Petroleum Company, LLC.

“Berry LLC” refers to Berry Petroleum Company, LLC, a Delaware limited liability company.

As the context may require, the “Company”, “we”, “our” or similar words refer to (i) Berry Corp. (the "Successor”) and Berry LLC, its consolidated subsidiary, as of and after February 28, 2017, as a whole or (ii) either Berry Corp. or Berry LLC on an individual basis as of and after February 28, 2017. References to historical activities of the “Company” prior to February 28, 2017, refer to activities of Berry LLC (the "Predecessor”).

“LINN Energy” refers to Linn Energy, LLC, a Delaware limited liability company of which Berry LLC was formerly a wholly-owned, indirect subsidiary.

Nature of Business

Berry Corp. is an independent oil and natural gas company that was incorporated under Delaware law on February 13, 2017. Berry Corp. operates through its wholly-owned subsidiary, Berry LLC. Our properties are located in the United States (“U.S.”), in California (in the San Joaquin and Ventura Basins), Utah (in the Uinta Basin), Colorado (in the Piceance Basin) and east Texas.

In July, we completed the initial public offering ("IPO") of our common stock and as a result, on July 26, 2018, our common stock began trading on the NASDAQ Global Select Market under the ticker symbol BRY.

Principles of Consolidation and Reporting

The information reported herein reflects all adjustments (consisting of normal recurring adjustments) that are, in the opinion of management, necessary for the fair presentation of the results for the interim periods. Certain information and note disclosures normally included in annual financial statements prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) have been condensed or omitted under Securities and Exchange Commission (“SEC”) rules and regulations. The results reported in these unaudited condensed consolidated financial statements should not necessarily be taken as indicative of results that may be expected for the entire year. This report should be read in conjunction with the financial statements and notes in the Company's audited financial statements for the year ended December 31, 2017 presented in our final prospectus dated July 25, 2018 as filed with the SEC pursuant to Rule 424(b)(4) of the Securities Act of 1933, as amended, on July 27, 2018 (the "prospectus").

The condensed consolidated financial statements have been prepared in conformity with GAAP and include the accounts of the Successor and its wholly owned subsidiary after February 28, 2017 and the accounts of the Predecessor prior to February 28, 2017. All significant intercompany transactions and balances have been eliminated upon consolidation. For oil and gas exploration and production joint ventures in which we have a direct working interest, we account for our proportionate share of assets, liabilities, revenue, expense and cash flows within the relevant lines of the financial statements.

Bankruptcy Accounting

Upon emergence from bankruptcy on February 28, 2017, we adopted fresh start accounting which resulted in Berry Corp. becoming the financial reporting entity. As a result of the application of fresh start accounting and the effects of the implementation of the Plan, the condensed consolidated financial statements on or after February 28, 2017 are not comparable to the condensed consolidated financial statements prior to that date.

Use of Estimates

The preparation of the accompanying condensed consolidated financial statements in conformity with GAAP required management of the Company to make informed estimates and assumptions about future events. These estimates and the

underlying assumptions affect the amount of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amounts of revenues and expenses.

As fair value is a market-based measurement, it was determined based on the assumptions that we believe market participants would use. We based these assumptions on management's best estimates and judgment. Management evaluates its assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, that management believes to be reasonable under the circumstances. Such assumptions are adjusted when management determines that facts and circumstances dictate. As future events and their effects cannot be determined with precision, actual results could differ from these estimates. Any changes in these assumptions resulting from continuing changes in the economic environment will be reflected in the financial statements in future periods.

The estimates that are particularly significant to our financial statements include estimates of our reserves of oil and gas, future cash flows from oil and gas properties, depreciation, depletion and amortization, asset retirement obligations, certain revenues and expenses, fair values of commodity derivatives and fair values of assets acquired and liabilities assumed. In addition, as part of fresh-start accounting, we made estimates and assumptions related to our reorganization value, liabilities subject to compromise and the fair value of assets and liabilities recorded.

Accounting and Disclosure Changes

Recently Adopted Accounting Standards

In March 2016, the Financial Accounting Standards Board (“FASB”) issued rules to improve the accounting for share-based payment transactions. We early-adopted these rules retrospectively on April 1, 2018 and as a result are reporting cash paid to tax authorities when we withhold shares from an employee's award as a cash outflow for financing activities on the statement of cash flows. There was no change to the other financial statements as a result of adopting these rules.

In November 2016, the FASB issued rules intended to address the diversity in practice in classification and presentation of changes in restricted cash on the statement of cash flows. We adopted these rules retrospectively on January 1, 2018, as a result of which we included restricted cash amounts in our beginning and ending cash balances on the statement of cash flows and included a disclosure reconciling cash and cash equivalents presented on the balance sheets to cash, cash equivalents and restricted cash on the statement of cash flows.

New Accounting Standards Issued, But Not Yet Adopted

In February 2016, the FASB issued rules requiring lessees to recognize assets and liabilities on the balance sheet for the rights and obligations created by all leases with terms of more than 12 months and to include qualitative and quantitative disclosures with respect to the amount, timing, and uncertainty of cash flows arising from leases. As an emerging growth company, we have elected to delay the adoption of these rules until they are applicable to non-SEC issuers which is for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. We expect the adoption of these rules to primarily impact other assets and other liabilities and do not expect a material impact on our consolidated results of operations.

During 2016, the FASB issued rules clarifying the new revenue recognition standard issued in 2014. The new rules are intended to improve and converge the financial reporting requirements for revenue from contracts with customers. We are an emerging growth company and have elected to delay adoption of these rules until they are applicable to non-SEC issuers which is for fiscal years beginning after December 31, 2018. We are currently evaluating the impact of the adoption of these rules on our consolidated financial statements and related disclosures.

Note 2 - Emergence from Voluntary Reorganization under Chapter 11

On December 16, 2013, an affiliate of LINN Energy, LinnCo, LLC (“LinnCo”), acquired all the outstanding common shares of Berry Petroleum Company and contributed Berry Petroleum Company to LINN Energy in exchange for LINN Energy units. In connection with its acquisition by LINN Energy, Berry Petroleum Company was converted from a Delaware corporation into a Delaware limited liability company and changed its name to “Berry Petroleum Company, LLC.” Linn Acquisition Company, LLC, a direct subsidiary of LINN Energy, became Berry LLC’s sole member.

On May 11, 2016 (the “Petition Date”), the LINN entities ("LINN Entities") and, consequently, Berry LLC (collectively, the “Debtors”), filed voluntary petitions (“Bankruptcy Petitions”) for relief under Chapter 11 (“Chapter 11”) of the U.S. Bankruptcy Code (“Bankruptcy Code”) in the U.S. Bankruptcy Court for the Southern District of Texas (“Bankruptcy Court”). The Debtors’ Chapter 11 cases were administered jointly under the caption In re Linn Energy, LLC, et al., Case No. 16-60040 (collectively, the “Chapter 11 Proceedings”). During the pendancy of the Chapter 11 Proceedings, the debtors in the Chapter 11 Proceedings (the “Debtors”), operated their businesses as “debtors-in-possession” under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code.

In December 2016, Berry LLC and Linn Acquisition Company, LLC, on the one hand, and LINN Energy and its other affiliated debtors, on the other hand, filed separate plans of reorganization with the Bankruptcy Court. The “Amended Joint Chapter 11 Plan of Reorganization of Linn Acquisition Company, LLC and Berry Petroleum Company, LLC” (the “Plan”) was filed on December 13, 2016. On January 27, 2017, the Bankruptcy Court entered its confirmation order (the “Confirmation Order”) approving and confirming the Plan.

On February 28, 2017, the Plan became effective and was implemented in accordance with its terms. Among other transactions, Linn Acquisition Company, LLC transferred 100% of Berry LLC’s outstanding membership interests to Berry Corp. As a result, Berry LLC emerged from bankruptcy as a wholly-owned subsidiary of Berry Corp., separate from LINN Energy and its affiliates, effective February 28, 2017 (the “Effective Date”).

Plan of Reorganization

On the Effective Date, the Company consummated the following reorganization transactions in accordance with the Plan:

- Linn Acquisition Company, LLC transferred 100% of the outstanding membership interests in Berry LLC to Berry Corp. pursuant to an assignment agreement, dated February 28, 2017 between Linn Acquisition Company, LLC and Berry Corp. (the “Assignment Agreement”). Under the Assignment Agreement, Berry LLC became a wholly-owned operating subsidiary of Berry Corp.
- The holders of claims under the Company’s Second Amended and Restated Credit Agreement, dated November 15, 2010, by and among Berry LLC, as borrower, Wells Fargo Bank, N.A., as administrative agent, and certain lenders, (as amended, the “Pre-Emergence Credit Facility”), received (i) their pro rata share of a cash paydown and (ii) pro rata participation in the new facility (the “Emergence Credit Facility”). As a result, all outstanding obligations under the Pre-Emergence Credit Facility were canceled and the agreements governing these obligations were terminated.
- Berry LLC, as borrower, entered into the Emergence Credit Facility with the holders of claims under the Pre-Emergence Credit Facility, as lenders, and Wells Fargo Bank, N.A, as administrative agent, providing for a new reserve-based revolving loan with up to $550 million in borrowing commitments.
- The holders of Berry LLC’s 6.75% senior notes due 2020, issued by Berry LLC pursuant to a Second Supplemental Indenture, dated November 1, 2010, and 6.375% senior notes due 2022, issued by Berry LLC pursuant to a Third Supplemental Indenture, dated March 9, 2012 (collectively, the “Unsecured Notes”), received a right to their pro rata share of either (i) 32,920,000 shares of common stock in Berry Corp. or, for those non-accredited investors holding the Unsecured Notes that irrevocably elected to receive a cash recovery, cash distributions from a $35 million cash distribution pool (the “Cash Distribution Pool”) and (ii) specified rights to participate in a two-tranche offering of rights to purchase Series A Preferred Stock at an aggregate purchase price of $335 million (as further defined in the Plan, the “Berry Rights Offerings”). As a result, all outstanding obligations under the Unsecured Notes were canceled and the indentures and related agreements governing these obligations were terminated.
- The holders of unsecured claims against Berry LLC, other than the Unsecured Notes, (the “Unsecured Claims”) received a right to their pro rata share of either (i) 7,080,000 shares of common stock in Berry Corp. or (ii) in the event that such holder irrevocably elected to receive a cash recovery, cash distributions from the Cash Distribution Pool. As a result, all outstanding obligations under the Unsecured Notes and the indentures governing such obligations were canceled and the obligations arising from the Unsecured Claims were extinguished.
- Berry LLC settled all intercompany claims against LINN Energy and its affiliates pursuant to a settlement agreement approved as part of the Plan and the Confirmation Order. The settlement agreement provided Berry LLC with a $25 million general unsecured claim against LINN Energy which Berry LLC has fully-reserved.

Liabilities Subject to Compromise

Liabilities subject to compromise decreased from approximately $35 million as of December 31, 2017 to approximately $20 million as of June 30, 2018. Activity for our liabilities subject to compromise for the six months ended June 30, 2018 included the return of $9 million in undistributed funds from restricted cash, approximately $6 million in settlement payments to general unsecured creditors and other payments of professional fees incurred to settle these claims.

Reorganization Items, Net

We have incurred and continue to incur expenses associated with the reorganization. Reorganization items, net represent costs and gains directly associated with the Chapter 11 proceedings since the Petition Date, and also include adjustments to reflect the carrying value of certain liabilities subject to compromise at their estimated allowed claim amounts, as such adjustments were determined. The following table summarizes the components of reorganization items included on the condensed consolidated statements of operations:

	Berry Corp. (Successor)				Berry LLC (Predecessor)
	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Four Months Ended June 30, 2017	Two Months Ended February 28, 2017
	(in thousands)				
Return of undistributed funds from Cash Distribution Pool	$ —	$ —	$ 9,000	$ —	$ —
Refund of pre-emergence prepaid costs	—	—	579	—	—
Gain on settlement of liabilities subject to compromise	—	—	—	—	421,774
Fresh start valuation adjustments	—	—	—	—	(920,699)
Legal and other professional advisory fees	(1,178)	713	(1,802)	112	(19,481)
Gain on resolution of pre-emergence liabilities	1,634	—	1,634	—	—
Other	—	—	—	(705)	10,686
Reorganization items, net	$ 456	$ 713	$ 9,411	$ (593)	$ (507,720)

In August 2018, we received an additional return of undistributed funds from the Cash Distribution Pool of approximately $14 million.

Note 3 - Debt

The following table summarizes our outstanding debt:

	(in thousands)				
	June 30, 2018	December 31, 2017	Interest Rate	Maturity	Security
RBL Facility	$ 66,000	$ 379,000	variable rates of 4.5% (2018) and 4.8% (2017), respectively	June 29, 2022	Mortgage on 85% of Present Value of proven oil and gas reserves
2026 Notes	400,000	—	7.00%	February 15, 2026	Unsecured
Long-Term Debt- Principal Amount	466,000	379,000			
Less: Debt Issuance Costs	(8,667)	—			
Long-Term Debt, net	$ 457,333	$ 379,000			

At June 30, 2018 and December 31, 2017, debt issuance costs for the RBL Facility reported in "non current assets" on the balance sheet were approximately $18 million and $21 million net of amortization, respectively. The amortization of debt issuance costs is presented in interest expense on the condensed consolidated statements of operations.

Fair Value

Our debt is recorded at the carrying amount on the balance sheets. The carrying amount of the RBL Facility approximates fair value because the interest rates are variable and reflect market rates. The fair value of the 2026 senior unsecured notes was approximately $408 million at June 30, 2018.

Credit Facilities

On July 31, 2017, we entered into a credit agreement (“RBL Facility”), with Wells Fargo Bank, N.A. as administrative agent and certain lenders with up to $1.5 billion of commitments, subject to a reserves-based borrowing base. In connection with the issuance of the 2026 Notes, the RBL Facility borrowing base was set at $400 million which incorporated a $100 million reduction, or 25% of the face value of the 2026 Notes (as defined below). In March 2018, we completed a borrowing base redetermination which reaffirmed our borrowing base at $400 million with an elected commitment feature that allows us to increase the RBL Facility to $575 million with lender approval.

As of June 30, 2018, the financial performance covenants under our RBL Facility were (i) a leverage ratio of no more than 4.00 to 1.00 and (ii) a current ratio of at least 1.00 to 1.00. At June 30, 2018, our actual ratios were 2.63 to 1.00 and 3.18 to 1.00, respectively. In addition, the RBL Facility currently provides that to the extent we incur unsecured indebtedness, including any amounts raised in the future, the borrowing base will be reduced by an amount equal to 25% of the amount of such unsecured debt. We were in compliance with all financial covenants as of June 30, 2018.

As of June 30, 2018, we had approximately $327 million of available borrowing capacity under the RBL Facility.

As of June 30, 2018 and December 31, 2017, we had letters of credit outstanding of approximately $7 million and $21 million, respectively, under our revolving credit facilities. These letters of credit were issued to support ordinary course of business marketing, insurance, regulatory and other matters.

In July and August 2018, we paid down approximately $105 million on the RBL Facility from the net proceeds we received in the IPO of our common stock (see Note 6). On August 20, 2018, we had approximately $388 million of available borrowing capacity under the RBL Facility and approximately $36 million of cash on hand.

Senior Unsecured Notes Offering

In February 2018, we completed a private issuance of $400 million in aggregate principal amount of 7.00% senior unsecured notes due 2026 (the “2026 Notes”), which resulted in net proceeds to us of approximately $391 million after

deducting expenses and the initial purchasers' discount. We used a portion of the net proceeds from the issuance of the 2026 Notes to repay borrowings under the RBL Facility and used the remainder for general corporate purposes.

Note 4 - Derivatives

We have hedged a portion of our forecasted production to reduce exposure to fluctuations in oil and natural gas prices and we target covering our operating expenses and fixed charges two years out. We have also hedged a portion of our exposure to differentials between Brent and WTI. We also, from time to time, have entered into agreements to purchase a portion of the natural gas we require for our operations that we do not record at fair value as derivatives because they qualify for normal purchases and normal sales exclusions.

Our current hedge positions consist of primarily oil swap contracts and deferred premium purchased put options, though in the past we have also used collars and three-way collars and hedged our exposure to natural gas and natural gas liquids (NGL) price changes. We enter into these transactions with respect to a portion of our projected production to provide an economic hedge against the risk related to the future commodity prices received. We do not enter into derivative contracts for speculative trading purposes. We did not designate any of our contracts as cash flow hedges; therefore, the changes in fair value of these instruments are recorded in current earnings.

As part of our hedging program, we entered into a number of derivative transactions that resulted in the following crude oil contracts as of June 30, 2018:

	Q3 2018	Q4 2018	FY 2019	FY 2020
Sold Oil Calls (ICE Brent):				
Hedged volume (MBbls)	186	—	—	—
Weighted average price ($/Bbl)	$ 81.67	$ —	$ —	$ —
Purchased Put Options (ICE Brent):				
Hedged volume (MBbls)	—	—	2,835	455
Weighted average price ($/Bbl)	$ —	$ —	$ 65.00	$ 65.00
Fixed Price Swaps (ICE Brent):				
Hedged volume (MBbls)	966	966	900	—
Weighted average price ($/Bbl)	$ 75.13	$ 75.13	$ 75.66	$ —
Oil basis differential positions:				
ICE Brent-NYMEX WTI basis swaps				
Hedged volume (MBbls)	92	92	182.5	—
Weighted average price ($/Bbl)	$ 1.29	$ 1.29	$ 1.29	$ —

We earn a premium on our sold oil calls at the time of sale. We make net settlement payments for prices above the indicated weighted-average price per barrel of Brent. If the calls expire unexercised, no payments are received.

For our purchased puts, we would receive settlement payments for prices below the indicated weighted-average price per barrel of Brent. The purchased put options contain deferred premiums of approximately $17.9 million and are reflected in the mark-to-market valuation of the derivatives on the balance sheet at June 30, 2018. The premiums will be payable in conjunction with the monthly settlements of these contracts and thus have been deferred until payments begin in 2019.

For fixed-price swaps, we make settlement payments for prices above the indicated weighted-average price per barrel of Brent and receive settlement payments for prices below the indicated weighted-average price per barrel of Brent.

For oil basis swaps, we make settlement payments if the difference between Brent and WTI is greater than the indicated weighted-average price per barrel and receive settlement payments if the difference between Brent and WTI is below the indicated weighted-average price per barrel.

Our commodity derivatives are measured at fair value using industry-standard models with various inputs including forward prices, and all are classified as Level 2 in the required fair value hierarchy for the periods presented. The following tables present the fair values (gross and net) of our outstanding derivatives as of June 30, 2018 and December 31, 2017:

		Berry Corp. (Successor)		
		June 30, 2018		
	Balance Sheet Classification	Gross Amounts Recognized at Fair Value	Gross Amounts Offset in the Balance Sheet	Net Fair Value Presented in the Balance Sheet
		(in thousands)		
Liabilities				
Commodity Contracts	Current liabilities	$ (11,447)	$ —	$ (11,447)
Commodity Contracts	Non-current liabilities	(3,563)	—	(3,563)
Total derivatives		$ (15,010)	$ —	$ (15,010)

		Berry Corp. (Successor)		
		December 31, 2017		
	Balance Sheet Classification	Gross Amounts Recognized at Fair Value	Gross Amounts Offset in the Balance Sheet	Net Fair Value Presented in the Balance Sheet
		(in thousands)		
Liabilities				
Commodity Contracts	Current liabilities	$ (49,949)	$ —	$ (49,949)
Commodity Contracts	Non-current liabilities	(25,332)	—	(25,332)
Total derivatives		$ (75,281)	$ —	$ (75,281)

In May 2018, we elected to terminate outstanding commodity derivative contracts for all WTI oil swaps and certain WTI/Brent basis swaps for July 2018 through December 2019 and all WTI oil sold call options for July 2018 through June 2020. Termination costs totaled approximately $127 million and were calculated in accordance with a bilateral agreement on the cost of elective termination included in these derivative contracts; the present value of the contracts using the forward price curve as of the date termination was elected. No penalties were charged as a result of the elective termination. Concurrently, Berry Corp. entered into commodity derivative contracts consisting of Brent oil swaps for July 2018 through March 2019 and Brent oil purchased put options for January 2019 through March 2020. These Brent oil swaps hedge 1.8 MMBbls in 2018 and 0.9 MMBbls in 2019 at a weighted average price of $75.66. These Brent oil purchased put options provide a weighted-average price floor of $65.00 for 2.8 MMBbls in 2019 and 0.5 MMBbls in 2020. We effected these transactions to move from a WTI-based position to a Brent-based position as well as bring our hedged pricing more in line with current market pricing.

Note 5 - Lawsuits, Claims, Commitments and Contingencies

In the normal course of business, we, or our subsidiary, are subject to lawsuits, environmental and other claims and other contingencies that seek, or may seek, among other things, compensation for alleged personal injury, breach of contract, property damage or other losses, punitive damages, civil penalties, or injunctive or declaratory relief.

On May 11, 2016 our predecessor company filed the Chapter 11 Proceeding. Our bankruptcy case was jointly administered with that of Linn Energy and its affiliates under the caption In re Linn Energy, LLC, et al., Case No. 16-60040. On January 27, 2017, the Bankruptcy Court approved and confirmed our plan of reorganization in the Chapter 11 Proceeding. On the Effective Date the plan became effective and was implemented. The Chapter 11 Proceeding will, however, remain pending until final resolution of all outstanding claims. For further information, see Note 2.

We accrue reserves for currently outstanding lawsuits, claims and proceedings when it is probable that a liability has been incurred and the liability can be reasonably estimated. We have not recorded any reserve balances at June 30, 2018 and December 31, 2017. We also evaluate the amount of reasonably possible losses that we could incur as a result of these matters. We believe that reasonably possible losses that we could incur in excess of reserves accrued on our balance sheet would not be material to our consolidated financial position or results of operations.

We have certain commitments under contracts, including purchase commitments for goods and services. At June 30, 2018, purchase obligations of approximately $13 million included a commitment to invest at least $9 million to construct a new access road in connection with our Piceance assets or provide access to an existing road or to pay 50% of the difference between $12 million and the actual amount spent on such access road construction prior to the end of 2019. If we do not obtain extensions for the road obligation, provide access to an existing road or construct a new access road, we may trigger the payment obligation which, if we were unable to negotiate resolution, would reduce our capital available for investment. Also, as of June 30, 2018, we had entered into agreements to purchase natural gas for our operations in 2018 for approximately $7 million.

We, or our subsidiary, or both, have indemnified various parties against specific liabilities those parties might incur in the future in connection with transactions that they have entered into with us. As of June 30, 2018, we are not aware of material indemnity claims pending or threatened against us.

We have entered into operating lease agreements mainly for office space. Lease payments are generally expensed as part of general and administrative expenses. At June 30, 2018, future net minimum lease payments for non-cancelable operating leases (excluding oil and natural gas and other mineral leases, utilities, taxes and insurance and maintenance expense) totaled:

	Amount (in thousands)
2018	$ 676
2019	1,170
2020	157
2021	159
2022	160
Thereafter	36
Total minimum lease payments	$ 2,358

Note 6- Equity

Initial Public Offering of Common Stock

In July, we completed our IPO and as a result, on July 26, 2018, our common stock began trading on the NASDAQ Global Select Market under the ticker symbol BRY. The Company sold 10,497,849 shares and the selling stockholders sold 2,545,630

shares at a price of $14.00 per share. We used a portion of our proceeds to repurchase 1,802,196 shares of our common stock owned by Benefit Street Partners and Oaktree Capital Management. After giving effect to the IPO and the share repurchase, the number of shares of our common stock outstanding increased by 8,695,653. We and the selling stockholders have granted the underwriters the option to purchase up to an additional 1,534,895 shares and 421,626 shares of common stock, respectively, on the same terms and conditions set forth above.

The Company received approximately $136 million in net proceeds from the offering after deducting underwriting discounts and offering expenses payable by us. We did not receive any proceeds from the sale by the selling stockholders. We used approximately $24 million of the net proceeds to purchase shares of our common stock (at a price equal to the price paid by the underwriters for shares of common stock in the offering) from funds affiliated with Benefit Street Partners and Oaktree Capital Management.

Of the remaining approximately $112 million of net proceeds received by us in the IPO, we used approximately $105 million to repay borrowings under our RBL Facility. This included the $60 million we borrowed on the RBL Facility to make the payment to the holders of our Series A Preferred Stock in connection with the conversion of preferred stock to common stock. We used the remainder for general corporate purposes.

In connection with the IPO, each of the 37.7 million shares of our Series A Preferred Stock was automatically converted into 1.05 shares of our common stock or 39.6 million shares in aggregate and the right to receive a cash payment of $1.75 ("Series A Preferred Stock Conversion"). The cash payment was reduced in respect of any cash dividend paid by the Company on such share of Series A Preferred Stock for any period commencing on or after April 1, 2018. Because we paid the second quarter preferred dividend of $0.15 per share in June, the cash payment for the conversion was reduced to $1.60 per share, or approximately $60 million.

Shares Issued and Outstanding

As of July 31, 2018, there were 81,336,762 shares of common stock issued and outstanding including 167,889 common shares that have vested as of June 30, 2018 relating to the Company's Omnibus Incentive Plan. An additional 1,447,998 unvested restricted stock units and performance restricted stock units were outstanding under the Company's Omnibus Incentive Plan as of July 31, 2018. A further 7,080,000 common shares have been reserved for issuance to the general unsecured creditor group pending resolution of disputed claims.

In March 2018, the board of directors approved a cumulative paid-in-kind dividend on the Series A Preferred Stock for the periods through December 31, 2017. The cumulative dividend was 0.050907 per share and approximately 1,825,000 shares in total. Also in March 2018, the board approved a $0.158 per share, or approximately $5.6 million, cash dividend on the Series A Preferred Stock for the quarter ended March 31, 2018. In both cases, the payments were to stockholders of record as of March 15, 2018. In May 2018 the board of directors approved a $0.15 per share, or approximately $5.6 million cash dividend, on the Series A Preferred Stock for the quarter ended June 30, 2018. The payment was to stockholders of record as of June 7, 2018. In July 2018, all shares our of Series A Preferred Stock, approximately 37.7 million in total, were converted to approximately 39.6 million common shares and, as a result, there were no shares of our Series A Preferred Stock outstanding following the IPO.

On August 21, 2018, our board of directors approved a $0.12 per share quarterly cash dividend on our common stock on a pro-rata basis from the date of our IPO through September 30, 2018, which will result in a payment of $0.09 per share.

Purchase of Common Stock

In connection with our IPO, we entered into stock purchase agreements with funds affiliated with each of Benefit Street Partners and Oaktree Capital Management pursuant to which we purchased an aggregate of 1,802,196 shares of our common stock at a price equal to the net proceeds per share received from the IPO of our common stock before expenses. The stock purchase agreement with funds affiliated with Benefit Street Partners requires us to purchase additional shares at the same price if the underwriters exercise their option to purchase additional shares in the IPO.

Treasury Stock Purchase

In March and April 2018, we entered into settlement agreements with two general unsecured creditors from our bankruptcy process. As a result, we paid approximately $20 million to purchase their claims to our common stock that we have reflected as treasury stock. We do not yet know the final amount of shares out of the 7,080,000 set aside that we will issue to third parties with respect to the unsecured claims. When all unsecured claims are settled, we will be able to assign a share count to the treasury stock. See Note 2 under *"Plan of Reorganization"* and Note 11 for further discussion of the common shares set aside to settle claims.

Stock-Based Compensation

In July 2018, we became a public company and our stock began trading on the NASDAQ Global Select Market. As a result, the estimate of the fair value of our stock-based compensation awards granted will no longer be based on complex models using inputs and assumptions but will be based on the price of our stock at the date of grant.

On June 27, 2018, our board of directors adopted the Berry Petroleum Corporation 2017 Omnibus Incentive Plan, as amended and restated (our “Restated Incentive Plan”). This plan constitutes an amendment and restatement of the plan as in effect immediately prior to the adoption of the Restated Incentive Plan (the "Prior Plan"). The Prior Plan constituted an amendment and restatement of the plan originally adopted as of June 15, 2017 (the "2017 Plan"). The Restated Incentive Plan provides for the grant, from time to time, at the discretion of the board of directors or a committee thereof, of stock options, stock appreciation rights ("SARs"), restricted stock, restricted stock units, stock awards, dividend equivalents, other stock-based awards, cash awards and substitute awards. The maximum number of shares of common stock that may be issued pursuant to an award under the Restated Incentive Plan is 10,000,000 inclusive of the number of shares of common stock previously issued pursuant to awards granted under the Prior Plan or the 2017 Plan. The maximum number of shares remaining that may be issued is approximately 8.3 million.

Included in lease operating expenses and general and administrative expenses is stock-based compensation expense of $44,000 and $1.3 million, respectively, for the three months ended June 30, 2018, and $67,000 and $2.3 million, respectively, for the six months ended June 30, 2018. For the three and six months ended June 30, 2017, including the successor and predecessor periods, there were no such expenses. For the six months ended June 30, 2018, stock-based compensation had an immaterial associated income tax benefit.

The table below summarizes the activity relating to restricted stock units ("RSUs") issued under the 2017 Plan during the six months ended June 30, 2018. The RSUs vest ratably over three years. Unrecognized compensation cost associated with the RSUs at June 30, 2018 is approximately $6.8 million which will be recognized over a weighted average period of approximately two years.

	Number of shares	Weighted average Grant Date Fair Value
	(shares in thousands)	
December 31, 2017	683	$ 10.12
Granted	205	$ 11.50
Vested	(166)	$ 11.68
Forfeited	(26)	$ 10.12
June 30, 2018	696	$ 10.20

The table below summarizes the activity relating to the performance-based restricted stock units ("PRSUs") issued under the 2017 Plan during the six months ended June 30, 2018. The PRSUs vest if the Company's stock price reaches certain levels over defined periods of time. Unrecognized compensation cost associated with the PRSUs at June 30, 2018 is approximately $3.8 million which will be recognized over a weighted-average period of approximately two years.

	Number of shares	Weighted average Grant Date Fair Value
	(shares in thousands)	
December 31, 2017	622	$ 7.09
Granted	132	$ 7.49
Vested	—	$ —
Forfeited	(2)	$ 7.09
June 30, 2018	752	$ 7.11

Note 7 - Income taxes

Prior to the Effective Date, Berry LLC was a limited liability company treated as a disregarded entity for federal and state income tax purposes, with the exception of the state of Texas. Limited liability companies are subject to Texas margin tax. As such, with the exception of the state of Texas, Berry LLC was not a taxable entity, it did not directly pay federal and state income taxes and recognition was not given to federal and state income taxes for the operations of Berry LLC. Upon emergence from bankruptcy, Berry Corp. acquired the assets of Berry LLC in a taxable asset acquisition as part of the restructuring. Consequently, we are now taxed as a corporation and have no net operating loss carryforwards for the periods prior to February 28, 2017.

On December 22, 2017, the U.S. the Tax Cuts and Jobs Act (the “Act”) which made significant changes to the Internal Revenue Code of 1986, including lowering the maximum federal corporate rate from 35 percent to 21 percent and imposing limitations on the use of net operating losses arising in taxable years ending after December 31, 2017. This was the key contributor to the decrease in our effective rate from 40% in the 2017 Successor periods to 16% and 17% in the three and six months ended June 30, 2018, respectively. We anticipate earnings for fiscal year 2018, in part due to the termination and resetting of our hedge positions in May 2018. These earnings consequently allow for the release of our valuation allowance, described below, resulting in an effective tax rate less than the maximum federal and applicable state tax rate for the six months ended June 30, 2018. There were no current income taxes during the six months ended June 30, 2018

Our accounting for the U.S. Tax Reform Act is incomplete. As noted at year-end, however, we were able to reasonably estimate certain effects and, therefore, recorded provisional adjustments to income tax expense for the revaluation of deferred tax assets and liabilities from 35 percent to 21 percent associated with the reduction in the U.S. corporate income tax rate, and for a valuation allowance on certain deferred tax assets impacted by the Act. We have not revised any of the 2017 provisional estimates. Any subsequent adjustments to these amounts will be recorded to income tax expense in the quarter the analysis is complete.

Note 8 - Supplemental Disclosures to the Condensed Consolidated Balance Sheets and Condensed Consolidated Statements of Cash Flows

Other current assets reported on the condensed consolidated balance sheets included the following:

	Berry Corp. (Successor)	
	June 30, 2018	December 31, 2017
	(in thousands)	
Prepaid expenses	$ 6,692	$ 6,901
Oil inventories, materials and supplies	7,062	5,938
Other	1,227	1,227
	$ 14,981	$ 14,066

The major classes of inventory were not material and therefore not stated separately. Other non-current assets at June 30, 2018 and December 31, 2017, included approximately $18 million and $20 million of deferred financing costs, net of amortization, respectively.

Accounts payable and accrued expenses on the condensed consolidated balance sheets included the following:

	Berry Corp. (Successor)	
	June 30, 2018	December 31, 2017
	(in thousands)	
Accounts payable-trade	$ 10,698	$ 15,469
Accrued expenses	57,531	34,359
Royalties payable	18,811	25,793
Greenhouse gas liability	5,732	10,446
Taxes other than income tax liability	9,428	8,437
Accrued interest	10,970	—
Other	—	3,373
	$ 113,170	$ 97,877

Supplemental Cash Flow Information

Supplemental disclosures to the statements of cash flows are presented below:

	Berry Corp. (Successor)		Berry LLC (Predecessor)
	Six Months Ended June 30, 2018	Four Months Ended June 30, 2017	Two Months Ended February 28, 2017
	(in thousands)		
Supplemental Disclosures of Significant Non-Cash Investing Activities:			
(Decrease) increase in accrued liabilities related to purchases of property and equipment	$ 8,614	$ 1,172	$ 2,249
Supplemental Disclosures of Cash Payments/(Receipts):			
Interest	$ 3,298	$ 5,261	$ 8,057
Income taxes	$ —	$ 1,168	$ —
Reorganization items, net	$ 1,352	$ (792)	$ 11,838

The following table provides a reconciliation of Cash, Cash Equivalents and Restricted Cash as reported in the Consolidated Statements of Cash Flows to the line items within the Consolidated Balance Sheets:

	Berry Corp. (Successor)		Berry LLC (Predecessor)
(in thousands)	Six Months Ended	Four Months Ended	Two Months Ended
Beginning of Period	June 30, 2018	June 30, 2017	February 28, 2017
Cash and cash equivalents	$ 33,905	$ 32,049	$ 30,483
Restricted cash	34,833	52,860	197,793
Restricted cash in other noncurrent assets	—	125	128
Cash, cash equivalents and restricted cash	$ 68,738	$ 85,034	$ 228,404
Ending of Period			
Cash and cash equivalents	$ 3,600	$ 3,735	$ 32,049
Restricted cash	19,710	38,908	52,860
Restricted cash in other noncurrent assets	—	—	125
Cash, cash equivalents and restricted cash	$ 23,310	$ 42,643	$ 85,034

Restricted cash is primarily associated with cash reserved to settle claims with the general unsecured creditors resulting from implementation of the Plan. Cash and cash equivalents consists primarily of highly liquid investments with original maturities of three months or less and are stated at cost, which approximates fair value.

Note 9 - Certain Relationships and Related Party Transactions

In connection with our emergence from bankruptcy, we entered into agreements with certain of our affiliates and with parties who received shares of our common stock and Series A Preferred Stock in exchange for their claims.

Transition Services and Separation Agreement ("TSSA")

On the Effective Date, Berry LLC entered into the TSSA with LINN Energy and certain of its subsidiaries to facilitate the separation of Berry LLC's operations from LINN Energy's operations. Pursuant to the TSSA, (i) LINN Energy continued to provide, or cause to be provided, certain administrative, management, operating, and other services and support to the Company during a transitional period following the Effective Date (the "Transition Services"), (ii) the LINN Energy debtors and Berry LLC separated their previously combined enterprise and (iii) the LINN Energy debtors transferred to Berry LLC certain assets that relate to Berry LLC's properties or its business, in each case under the terms and conditions specified in the TSSA.

Under the TSSA, Berry LLC reimbursed LINN Energy for any and all reasonable, third-party out-of-pocket costs and expenses, without markup, actually incurred by LINN Energy, to the extent documented, in connection with providing the Transition Services. Additionally, Berry LLC paid to LINN Energy a management fee equal to $6 million per month, prorated for partial months, during the period from the Effective Date through the last day of the second full calendar month after the Effective Date (the "Transition Period") and $2.7 million per month, prorated for partial months, from the first day following the Transition Period through the last day of the second full calendar month thereafter (the "Accounting Period"). During the Accounting Period, the scope of the Transition Services was reduced to specified accounting and administrative functions. The Transition Period under the TSSA ended April 30, 2017, and the Accounting Period ended June 30, 2017.

For the four months ended June 30, 2017, we incurred management fee expenses of approximately $17 million under the TSSA. Since the agreement commenced on the Effective Date, no expenses were incurred for the period ended February 28, 2017.

Note 10 - Acquisitions and Divestitures

Chevron North Midway-Sunset Acquisition

In April 2018, we acquired from LINN Energy Holdings, LLC two leases on an aggregate of 214 acres and a lease option on 490 acres (the "Chevron North Midway-Sunset Acquisition") of land owned by Chevron U.S.A. in the north Midway-Sunset field immediately adjacent to assets we currently operate. We assumed a drilling commitment of approximately $34.5 million over a 5-year term and would assume a further minimum 40 well drilling commitment if we exercise our option; but otherwise we paid no consideration. Our drilling commitment will be tolled for a month for each consecutive 30-day period for which the posted price of WTI is less than $45 per barrel. This transaction is consistent with our business strategy to investigate areas beyond our known productive areas.

Note 11- Earnings Per Share

The Predecessor was organized as a limited liability company and, as such, did not issue any stock. Accordingly, we have not presented earnings per share calculations for the predecessor company periods.

We calculate basic earnings (loss) per share by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding during each period. Common shares issuable upon the satisfaction of certain conditions pursuant to a contractual agreement, such as those shares contemplated by the Plan, are considered common shares outstanding and are included in the computation of net income (loss) per share. Accordingly, the 40 million shares of common stock contemplated by the Plan, without regard to actual issuance dates, were included in the computation of net income (loss) per share for the three and six months ended June 30, 2018, the three months ended June 30, 2017, and the four months ended June 30, 2017. The actual amount of our common stock that will be issued from the 7,080,000 shares reserved for Unsecured Claims and included in the 40 million shares above, cannot be known until all claims are settled, adjustments have been made based on the stock to be received by Unsecured Claims and claims under the Unsecured Notes and, the final number of shares of common stock to be received per dollar of Unsecured Claims, is known. However, while we do not yet know the final amount of shares that we will issue to third parties, we have entered into agreements in March and April 2018 that materially reduced that number.

The Series A Preferred Stock was not a participating security, therefore, we calculated diluted EPS using the "if-converted" method under which the preferred dividends are added back to the numerator and the convertible preferred stock is assumed to be converted at the beginning of the period. No incremental shares of Series A Preferred Stock were included in the diluted EPS

calculation for the three and six months ended June 30, 2018, as their effect was antidilutive under the "if-converted" method. However, the convertible preferred stock may potentially dilute basic earnings per share in the future.

In July 2018, all outstanding shares of our Series A Preferred Stock were converted to common shares in connection with the IPO of our common stock (see Note 6).

	Berry Corp. (Successor)				Berry LLC (Predecessor)
	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Four Months Ended June 30, 2017	Two Months Ended February 28, 2017
	(in thousands except per share amounts)				
Basic EPS calculation					
Net income (loss)	$ (28,061)	$ 12,120	$ (21,651)	23,497	n/a
less: Dividends on Series A Preferred Stock	(5,650)	(5,404)	(11,301)	(7,196)	n/a
Net income (loss) available to common stockholders	$ (33,711)	$ 6,716	$ (32,952)	$ 16,301	n/a
Weighted-average shares of common stock outstanding	33,010	32,920	32,971	32,920	n/a
Shares of common stock distributable to holders of Unsecured Claims	7,080	7,080	7,080	7,080	n/a
Weighted-average common shares outstanding-basic	40,090	40,000	40,051	40,000	n/a
Basic Earnings (loss) per share	$ (0.84)	$ 0.17	$ (0.82)	$ 0.41	n/a
Diluted EPS calculation					
Net income (loss)	$ (28,061)	$ 12,120	$ (21,651)	$ 23,497	n/a
less: Dividends on Series A Preferred Stock	(5,650)	(5,404)	(11,301)	(7,196)	n/a
Net income (loss) available to common stockholders	$ (33,711)	$ 6,716	$ (32,952)	$ 16,301	n/a
Weighted-average shares of common stock outstanding	33,010	32,920	32,971	32,920	n/a
Shares of common stock distributable to holders of Unsecured Claims	7,080	7,080	7,080	7,080	n/a
Weighted-average common shares outstanding-basic	40,090	40,000	40,051	40,000	n/a
Dilutive effect of potentially dilutive securities	—	35,845	—	35,845	n/a
Weighted-average common shares outstanding-diluted	40,090	75,845	40,051	75,845	n/a
Diluted Earnings (loss) per share	$ (0.84)	$ 0.16	$ (0.82)	$ 0.31	n/a

Note 12- Pro Forma Financial Data

PRO FORMA FINANCIAL DATA

The following unaudited pro forma condensed consolidated financial information of Berry Corp. gives effect to the issuance of the 2026 Notes, the Series A Preferred Stock Conversion and the IPO including the application of net proceeds from the IPO. The unaudited pro forma condensed consolidated statement of operations is presented for the six months ended June 30, 2018. The unaudited pro forma condensed consolidated balance sheet is presented as of June 30, 2018. This unaudited pro forma condensed consolidated financial information should be read in conjunction with Berry Corp.'s historical consolidated financial statements as of and for the six months ended June 30, 2018.

The unaudited pro forma condensed consolidated statement of operations gives effect to the issuance of the 2026 Notes, the Series A Preferred Stock Conversion and the IPO, including the application of net proceeds from the offering, as if each had

been completed as of January 1, 2017. The unaudited pro forma condensed consolidated balance sheet gives effect to the same transactions as if each had been completed on June 30, 2018.

The unaudited pro forma condensed consolidated financial statements are for informational and illustrative purposes only and are not necessarily indicative of the financial results that would have been had the events and transactions occurred on the dates assumed, nor are such financial statements necessarily indicative of the results of operations in future periods. The pro forma adjustments, as described in the accompanying notes, are based upon currently available information. The historical financial information has been adjusted to give effect to pro forma adjustments that are (i) directly attributable to the 2026 Notes, the Series A Preferred Stock Conversion, the IPO and the application of net proceeds from the offering, (ii) factually supportable, and (iii) expected to have a continuing impact on the Company’s consolidated results.

Background

2026 Notes

In February 2018, we completed a private issuance of $400 million in aggregate principal amount of 7.00% senior unsecured notes due 2026, which resulted in net proceeds of approximately $391 million after deducting expenses and the initial purchasers' discount. A portion of these proceeds were used to repay borrowings under the RBL Facility and the remainder for general corporate purposes.

Series A Preferred Stock Conversion and Common Stock Offering

In connection with our IPO, we amended the Series A Preferred Stock certificate of designation to provide for the automatic conversion of all outstanding shares of Series A Preferred Stock. Pursuant to the amendment, each outstanding share of Series A Preferred Stock was automatically converted into (i) 1.05 shares of common stock and (ii) the right to receive $1.75, minus the amount of any cash dividend paid by the Company on such share of Series A Preferred Stock in respect of any period commencing on or after April 1, 2018.

We received approximately $136 million of net proceeds from the IPO after deducting underwriting discounts and commissions and estimated offering expenses payable by us. We did not receive any proceeds from the sale of shares by the selling stockholders. We used approximately $24 million of the net proceeds to purchase shares of our common stock (at a price equal to the price paid by the underwriters for shares of common stock in the offering) from funds affiliated with Benefit Street Partners and Oaktree Capital Management. Of the remaining approximately $112 million of net proceeds received by us in the IPO, we used approximately $105 million to repay borrowings under our RBL Facility. This included the amounts we borrowed in July on the RBL Facility to make the payment to the holders of our Series A Preferred Stock in connection with the conversion of preferred stock to common stock. We used the remainder for general corporate purposes.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
JUNE 30, 2018
(in thousands)

	Berry Corp. (Successor) June 30, 2018	Series A Preferred Stock Conversion and Common Stock Offering		Berry Corp. (Successor) Pro Forma
ASSETS				
Current assets:				
Cash and cash equivalents	$ 3,600	$ —	(a) (b)	$ 3,600
Accounts receivable, net	56,860			56,860
Restricted cash	19,710			19,710
Other current assets	14,981			14,981
Total current assets	95,151	—		95,151
Noncurrent assets:				
Oil and natural gas properties (successful efforts method)	1,382,777			1,382,777
Less accumulated depletion and amortization	(88,548)			(88,548)
	1,294,229			1,294,229
Other property and equipment	112,618			112,618
Less accumulated depreciation	(8,928)			(8,928)
	103,690			103,690
Other noncurrent assets	22,086			22,086
Total assets	$ 1,515,156	$ —		$ 1,515,156
LIABILITIES AND EQUITY				
Current liabilities:				
Accounts payable and accrued expenses	$ 113,170	$ —		$ 113,170
Derivative instruments	11,447			11,447
Liabilities subject to compromise	19,710			19,710
Total current liabilities	144,327	—		144,327
Noncurrent liabilities:				
Long-term debt	457,333	(51,538)	(a)	405,795
Derivative instruments	3,563			3,563
Asset retirement obligation	88,575			88,575
Other noncurrent liabilities	12,862			12,862
Equity:				
Successor Series A Preferred Stock ($.001 par value, 250,000,000 shares authorized and 37,669,805 shares issued at June 30, 2018)	335,000	(335,000)	(b)	—
Successor common stock ($.001 par value, 750,000,000 shares authorized and 33,087,889 shares issued at June 30, 2018)	33	48	(a)(b)	81
Additional paid-in-capital	536,188	386,490	(a)(b)	922,678

Treasury stock, at cost	(20,006)		(20,006)
Accumulated deficit	(42,719)		(42,719)
Total equity	808,496	51,538	860,034
Total liabilities and equity	$ 1,515,156	$ —	$ 1,515,156

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
FOR SIX MONTHS ENDED JUNE 30, 2018
(in thousands, except per share amounts)

	Berry Corp. (Successor) Six Months Ended June 30, 2018	Issuance of 2026 Notes	Series A Preferred Stock Conversion and Common Stock Offering		Berry Corp. (Successor) Pro Forma
Revenues and other:					
Oil, natural gas and NGL sales	$ 263,010				$ 263,010
Electricity sales	11,423				11,423
Gains (losses) on oil and natural gas derivatives	(112,787)				(112,787)
Marketing revenues	1,302				1,302
Other revenues	317				317
	163,265	—	—		163,265
Expenses and other:					
Lease operating expenses	85,819				85,819
Electricity generation expenses	7,725				7,725
Transportation expenses	5,321				5,321
Marketing expenses	987				987
General and administrative expenses	24,466				24,466
Depreciation, depletion and amortization	40,288				40,288
Taxes, other than income taxes	16,972				16,972
Gains on sale of assets and other, net	123				123
	181,701	—	—		181,701
Other income and (expenses):					
Interest expense, net of amounts capitalized	(16,951)	(854)		(c)	(17,805)
Other, net	(212)				(212)
	(17,163)	(854)	—	(c)	(18,017)
Reorganization items, net	9,411				9,411
(Loss) income before income taxes	(26,188)	(854)	—	(c)	(27,042)
Income tax expense (benefit)	(4,537)	(147)		(c)	(4,684)
Net income (loss)	(21,651)	(707)	—		(22,358)
Dividends on Series A Preferred Stock	(11,301)		11,301	(f)	—
Net income (loss) available to common stockholders	$ (32,952)	$ (707)	$ 11,301		$ (22,358)
Net income (loss) per share of common stock:					
Basic	$ (0.82)				$ (0.26)
Diluted	$ (0.82)				$ (0.26)
Weighted average common shares outstanding					
Basic (g)	40,051		46,333	(d) (e)	86,384
Diluted (g)	40,051		46,333	(d) (e)	86,384

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. Basis of Presentation

The accompanying unaudited pro forma condensed consolidated statement of operations presents the financial information of Berry Corp. assuming the events and transactions had occurred on January 1, 2017. The consolidated balance sheet presents the information assuming the transactions occurred on June 30, 2018. Issuance of 2026 Notes Adjustments represent

adjustments to give effect to the Company's issuance and net proceeds from the 2026 Notes to the condensed consolidated statement of operations as of the date assumed. Series A Preferred Stock Conversion and Common Stock Offering Adjustments represent adjustments to give effect to the conversion of preferred stock into common stock, including the payment of cash dividends and the common stock offering to the condensed consolidated financial statements as of the date assumed.

2. Pro Forma Balance Sheet Adjustments

(a) Reflects the issuance of 8,695,653 additional net shares of common stock in the offering, the receipt of approximately $112 million of net proceeds, after the repurchase of 1,802,196 shares for approximately $24 million, from funds affiliated with Benefit Street Partners and Oaktree Capital Management in connection with the IPO and the usage of a portion of the net proceeds to pay down the outstanding balance on the RBL Facility. The number of shares and net proceeds does not include a number of shares issued by us equal to the number of shares purchased by us from funds affiliated with Benefit Street Partners and Oaktree Capital Management in connection with the IPO.

(b) Reflects the conversion of the outstanding shares of Series A Preferred Stock into (1) approximately 39.6 million shares of common stock and (2) the cash payment from the IPO net proceeds of $1.60 on each pre-conversion share of Series A Preferred Stock, or approximately $60 million.

3. Pro Forma Statement of Operations Adjustments

Issuance of 2026 Notes Adjustments

(c) The issuance of the 2026 Notes was assumed to have occurred on January 1, 2017 for pro forma purposes and to have resulted in net proceeds of $391 million. As a result, borrowings under the RBL Facility would not have been necessary during this period.

The Company calculated the pro forma adjustment to increase interest expense as a result of the higher interest rate on the 2026 Notes and reversing the interest expense and other fees associated with the RBL Facility for the six months ended June 30, 2018 as follows:

(in thousands)		
Reversal of interest expense, unused fee and LOC fee on the RBL Facility	$	(3,251)
Reversal of 2026 Notes interest expense		(10,970)
Pro Forma- RBL Facility letter of credit fee ($7.1 million outstanding at 2.625%)		93
Pro Forma-RBL Facility unused availability fee ($393 million availability at 0.5%)		982
Pro Forma 2026 Notes interest expense.		14,000
Pro Forma adjustment to increase interest expense	$	854

The effective tax rate applied to the increased interest expense was 17.3% for the six months ended June 30, 2018.

Series A Preferred Stock Conversion and Common Stock Offering Adjustments

(d) Reflects basic and diluted income per common share giving effect to the issuance of 8,695,653 shares of common stock in the IPO, assuming the IPO occurred January 1, 2017. The number of shares and net proceeds does not include shares purchased from the selling stockholders in the IPO or a number of shares issued by us equal to the number of shares purchased by us from funds affiliated with Benefit Street Partners and Oaktree Capital Management in connection with the IPO.

(e) Reflects the conversion of the outstanding shares of Series A Preferred Stock into approximately 37.7 million shares of common stock, assumed to occur on January 1, 2017.

(f) Reflects the effect of reversing the Series A Preferred Stock dividends, assuming the IPO and the Series A Preferred Stock Conversion occurred January 1, 2017.

(g) Share count includes 7 million shares reserved for issuance to the general unsecured creditors resulting from the bankruptcy process.

Item 2.

Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the financial statements and related notes presented in this Quarterly Report on form 10-Q, as well as our audited consolidated financial statements for the year ended December 31, 2017 included in the prospectus. When we use the terms "we," "us," "our," the "Company" or similar words, unless the context otherwise requires, on or prior to the Effective Date (see below), we are referring to Berry LLC, our predecessor company and following February 28, 2017, the effective date ("Effective Date") of the Amended Joint Chapter 11 Plan of Linn Acquisition Company, LLC ("Linn Acquisition") and us (the "Plan"), we are referring to Berry Corp. and its subsidiary, Berry LLC, together, the successor company, as applicable.

Our Company

We are a California-based independent upstream energy company engaged primarily in the development and production of conventional oil reserves located onshore in the western United States. Our long-lived, predictable and high margin asset base is uniquely positioned to support our objectives of generating top-tier corporate-level returns and positive free cash flow through commodity price cycles. We believe that executing our strategy across our low-declining production base and extensive inventory of identified drilling locations will result in long-term, capital efficient production growth as well as the ability to return excess free cash flow to stockholders.

We target onshore, low-cost, low-risk, oil-rich reservoirs in the San Joaquin basin of California and the Uinta basin of Utah, and, to a lesser extent, the low geologic risk natural gas resource play in the Piceance basin in Colorado. In the aggregate, the Company's assets are characterized by:

- high oil content, which makes up more than 80% of our production;
- favorable Brent-influenced crude oil pricing dynamics;
- long-lived reserves with low and predictable production decline rates;
- stable and predictable development and production cost structures;
- a large inventory of low-risk identified development drilling opportunities with attractive full-cycle economics; and
- potential in-basin organic and strategic opportunities to expand our existing inventory with new locations of substantially similar geology and economics.

California is and has been one of the most productive oil and natural gas regions in the world. Our asset base is concentrated in the oil-rich San Joaquin basin in California, which has more than 100 years of production history and substantial remaining oil in place. As a result of these attributes, we have a strong understanding of many of the basin's geologic and reservoir characteristics, leading to predictable, repeatable, low-risk development opportunities.

In California, we focus on conventional, shallow reservoirs, the drilling and completion of which are relatively low-cost in contrast to modern unconventional resource plays. Our decades-old proven completion techniques in these reservoirs include steamflood and low-volume fracture stimulation.

We own additional assets in the Uinta basin in Utah, a stacked, multi-bench, light-oil-prone play with significant undeveloped resources where we have high operational control and additional behind pipe potential, as well as in the Piceance basin in Colorado, a prolific low geologic risk natural gas play where we produce from a conventional, tight sandstone reservoir using proven slick water fracture stimulation techniques to increase recoveries.

Using SEC Pricing as of December 31, 2017, we had estimated total proved reserves of 141,384 MBoe. For the three months ended June 30, 2018, we had average production of approximately 26.5 MBoe/d, of which approximately 80% was oil. In California, our average production for the three months ended June 30, 2018 was 18.8 MBoe/d, of which approximately 100% was oil.

Chapter 11 Bankruptcy and Our Emergence

In 2013, the Linn Entities acquired our predecessor company in exchange for LinnCo shares and the assumption of debt with an aggregate value of $4.6 billion. A severe industry downturn, coupled with high leverage and significant fixed charges, led the Linn Entities and, consequently, our predecessor company to initiate the Chapter 11 Proceedings on May 11, 2016.

On February 28, 2017, Berry LLC emerged from bankruptcy as a stand-alone company and wholly-owned subsidiary of Berry Corp. with new management, a new board of directors and new ownership. Through the Chapter 11 Proceedings, the Company significantly improved its financial position from that of Berry LLC while it was owned by the Linn Entities. These improvements included:

- the elimination of approximately $1.3 billion of debt and more than $76 million of annualized interest expense;
- the termination of, or renegotiation of more favorable terms for, several firm transportation and oil sales contracts;
- the anticipated reduction in recurring general and administrative costs as a stand-alone company by following a lean operating model.

On the Effective Date, Berry LLC consummated the following reorganization transactions in accordance with the Plan:

- Linn Acquisition Company, LLC transferred 100% of the outstanding membership interests in Berry LLC to Berry Corp. pursuant to the Assignment Agreement. Under the Assignment Agreement, Berry LLC became a wholly-owned operating subsidiary of Berry Corp.

- The holders of claims under the Pre-Emergence Credit Facility, received (i) their pro rata share of a cash paydown and (ii) pro rata participation in the Emergence Credit Facility. As a result, all outstanding obligations under the Pre-Emergence Credit Facility were canceled and the agreements governing these obligations were terminated.

- Berry LLC, as borrower, entered into the Emergence Credit Facility with the holders of claims under the Pre-Emergence Credit Facility, as lenders, and Wells Fargo Bank, N.A., as administrative agent, providing for a new reserve-based revolving loan with up to $550 million in borrowing commitments.

- The holders of Berry LLC's Unsecured Notes received a right to their pro rata share of either (i) 32,920,000 shares of common stock in Berry Corp. or, for those non-accredited investors that irrevocably elected to receive a cash recovery, cash distributions from the Cash Distribution Pool and (ii) specified rights to participate the Berry Rights Offerings. As a result, all outstanding obligations under the Unsecured Notes were canceled and the indentures and related agreements governing these obligations were terminated.

- The holders of the Unsecured Claims received a right to their pro rata share of either (i) 7,080,000 shares of common stock in Berry Corp. or (ii) in the event that such holder irrevocably elected to receive a cash recovery, cash distributions from the Cash Distribution Pool. The obligations arising from the Unsecured Claims were extinguished.

- Berry LLC settled all intercompany claims against LINN Energy and its affiliates pursuant to a settlement agreement approved as part of the Plan and the Confirmation Order. The settlement agreement provided Berry LLC with a $25 million general unsecured claim against LINN Energy which Berry LLC has fully reserved.

How We Evaluate Operations

Our management team uses the following metrics to manage and assess the performance of our operations: (a) Adjusted EBITDA; (b) operating expenses; (c) environmental, health & safety ("EH&S") results; (d) taxes, other than income taxes; (e) general and administrative expenses; (f) production; and (g) levered free cash flow.

Adjusted EBITDA

Adjusted EBITDA is the primary financial and operating measurement that our management uses to analyze and monitor the operating performance of our business. We define Adjusted EBITDA as earnings before interest expense; income taxes; depreciation, depletion, amortization and accretion; exploration expense; derivative gains or losses net of cash received or paid

for scheduled derivative settlements; impairments; stock compensation expense; and other unusual, out-of-period and infrequent items, including restructuring and reorganization costs.

Operating expenses

We define operating expenses as lease operating expenses, electricity expenses, transportation expenses, and marketing expenses, offset by the third-party revenues generated by electricity, transportation and marketing activities. The electricity, transportation and marketing activity related revenues are viewed and treated internally as a reduction to operating costs when tracking and analyzing the economics of development projects and the efficiency of our hydrocarbon recovery. Overall, operating expense is used by management as a measure of the efficiency with which operations are performing.

Environmental, health & safety

We are committed to good corporate citizenship in our communities, operating safely and protecting the environment and our employees. We monitor our EH&S performance through various measures, holding our employees and contractors to high standards. Meeting corporate EH&S metrics is a part of our incentive programs for all employees.

Taxes, other than income taxes

Taxes, other than income taxes includes severance taxes, ad valorem and property taxes, greenhouse gas (GHG) allowances, and other taxes. We include these taxes when analyzing the economics of development projects and the efficiency of our hydrocarbon recovery; however, we do not include these taxes in our operating expenses.

General and administrative expenses

We monitor our cash general and administrative expenses as a measure of the efficiency of our overhead activities. Such expenses are a key component of the appropriate level of support our corporate and professional team provides to the development of our assets and our day-to-day operations.

Production

Oil and gas production is a key driver of our operating performance, an important factor to the success of our business, and used in forecasting future development economics. We measure and closely monitor production on a continuous basis, adjusting our property development efforts in accordance with the results. We track production by commodity type and compare it to prior periods and expected results.

Levered free cash flow

Levered free cash flow reflects our financial flexibility; and we use it to plan our internal growth capital expenditures. We define levered free cash flow as Adjusted EBITDA less capital expenditures, interest expense and dividends. Levered free cash flow is our primary metric used in planning capital allocation for maintenance and internal growth opportunities as well as hedging needs and serves as a measure for assessing our financial performance and measuring our ability to generate excess cash from our operations after servicing indebtedness.

Non-GAAP Financial Measures

Adjusted EBITDA, Levered Free Cash Flow and Adjusted Net Income (Loss)

Adjusted EBITDA and Adjusted Net Income (Loss) are not measures of net income (loss) and Levered Free Cash Flow is not a measure of cash flow, in all cases, as determined by GAAP. Adjusted EBITDA and Levered Free Cash Flow are supplemental non-GAAP financial measures used by management and external users of our financial statements, such as industry analysts, investors, lenders and rating agencies.

Adjusted Net Income (Loss) excludes the impact of unusual, out-of-period and infrequent items affecting earnings that vary widely and unpredictably, including non-cash items such as derivative gains and losses. This measure is used by management when comparing results period over period. We define Adjusted Net Income (Loss) as net income (loss) attributable to common stockholders adjusted for derivative gains or losses net of cash received or paid for scheduled derivative settlements, other unusual, out-of-period and infrequent items, including restructuring and reorganization costs and the income tax expense or benefit of these adjustments using our effective tax rate.

We define Adjusted EBITDA as earnings before interest expense; income taxes; depreciation, depletion, amortization and accretion; exploration expense; derivative gains or losses net of cash received or paid for scheduled derivative settlements; impairments; stock compensation expense; and other unusual, out-of-period and infrequent items, including restructuring and reorganization costs. We define Levered Free Cash Flow as Adjusted EBITDA less capital expenditures, interest expense and dividends.

Our management believes Adjusted EBITDA provides useful information in assessing our financial condition, results of operations and cash flows and is widely used by the industry and the investment community. The measure also allows our management to more effectively evaluate our operating performance and compare the results between periods without regard to our financing methods or capital structure. Levered Free Cash Flow is used by management as a primary metric to plan capital allocation for maintenance and internal growth opportunities, as well as hedging needs. It also serves as a measure for assessing our financial performance and our ability to generate excess cash from operations to service debt and pay dividends.

While Adjusted EBITDA, Adjusted Net Income (Loss) and Levered Free Cash Flow are non-GAAP measures, the amounts included in the calculation of Adjusted EBITDA, Adjusted Net Income (Loss) and Levered Free Cash Flow were computed in accordance with GAAP. These measures are provided in addition to, and not as an alternative for, income and liquidity measures calculated in accordance with GAAP. Certain items excluded from Adjusted EBITDA are significant components in understanding and assessing our financial performance, such as our cost of capital and tax structure, as well as the historic cost of depreciable and depletable assets. Our computations of Adjusted EBITDA, Adjusted Net Income (Loss) and Levered Free Cash Flow may not be comparable to other similarly titled measures used by other companies. Adjusted EBITDA, Adjusted Net Income (Loss) and Levered Free Cash Flow should be read in conjunction with the information contained in our financial statements prepared in accordance with GAAP.

Adjusted General and Administrative Expenses

Adjusted General and Administrative Expenses is a supplemental non-GAAP financial measure that is used by management. We define Adjusted General and Administrative Expenses as general and administrative expenses adjusted for non-recurring restructuring and other costs and non-cash stock compensation expense. Management believes Adjusted General and Administrative Expenses is useful because it allows us to more effectively compare our performance from period to period. We exclude the items listed above from general and administrative expenses in arriving at Adjusted General and Administrative
Expenses because these amounts can vary widely and unpredictably in nature, timing, amount and frequency and stock compensation expense is non-cash in nature. Adjusted General and Administrative Expenses should not be considered as an alternative to, or more meaningful than, general and administrative expenses as determined in accordance with GAAP. Our computations of Adjusted General and Administrative Expenses may not be comparable to other similarly titled measures of other companies.

The following tables present reconciliations of the non-GAAP financial measure Adjusted EBITDA and Levered Free Cash Flow to the GAAP financial measures of net income (loss) and net cash provided or used by operating activities for each of the periods indicated.

	Berry Corp. (Successor)					Berry LLC (Predecessor)
	Three Months Ended June 30, 2018	Three Months Ended March 31, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Four Months Ended June 30, 2017	Two Months Ended February 28, 2017
	(in thousands)					
Adjusted EBITDA reconciliation to net income (loss):						
Net income (loss)	$ (28,061)	$ 6,410	$ 12,120	$ (21,651)	$ 23,497	$ (502,964)
Add (Subtract):						
Depreciation, depletion, amortization and accretion	21,859	18,429	20,549	40,288	27,571	28,149
Interest expense	9,155	7,796	4,885	16,951	6,600	8,245
Income tax expense (benefit)	(5,476)	939	7,961	(4,537)	15,435	230
Derivative (gain) loss	78,143	34,644	(23,962)	112,787	(48,085)	(12,886)
Net cash received (paid) for scheduled derivative settlements	(28,261)	(17,849)	4,725	(46,110)	5,856	534
(Gain) loss on sale of assets and other	123	—	5	123	5	(183)
Stock compensation expense	1,278	1,042	—	2,320	—	—
Non-recurring restructuring and other costs	1,714	2,047	16,846	3,761	24,442	—
Reorganization items, net	(456)	(8,955)	(713)	(9,411)	593	507,720
Adjusted EBITDA	50,018	44,503	42,416	94,521	55,914	28,845
Net cash (received) paid for scheduled derivative settlements	28,261	17,849	(4,725)	46,110	(5,856)	(534)
Adjusted EBITDA unhedged	$ 78,279	$ 62,352	$ 37,691	$ 140,631	$ 50,058	$ 28,311

	Berry Corp. (Successor)					Berry LLC (Predecessor)
	Three Months Ended June 30, 2018	Three Months Ended March 31, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Four Months Ended June 30, 2017	Two Months Ended February 28, 2017
	(in thousands)					
Adjusted EBITDA and Levered Free Cash Flow reconciliation to net cash provided (used) by operating activities:						
Net cash provided (used) by operating activities	$ (77,394)	$ 27,846	$ 20,703	$ (49,548)	$ 44,937	$ 22,431
Add (Subtract):						
Cash interest payments	644	2,654	4,860	3,298	5,261	8,057
Cash income tax payments	—	—	1,168	—	1,168	—
Cash reorganization item (receipts) payments	1,047	305	(1,384)	1,352	(792)	11,838
Non-recurring restructuring and other costs	1,714	2,047	16,846	3,761	24,442	—
Derivative early termination payment	126,949	—	—	126,949	—	—
Other changes in operating assets and liabilities	(2,942)	11,651	223	8,709	(19,102)	(13,323)
Other, net	—	—	—	—	—	(158)
Adjusted EBITDA	50,018	44,503	42,416	94,521	55,914	28,845
Subtract:						
Capital expenditures	(39,196)	(15,732)	(24,697)	(54,928)	(34,050)	(5,407)
Interest expense	(9,155)	(7,796)	(4,885)	(16,951)	(6,600)	(8,245)
Dividends	(5,650)	(5,650)	(5,404)	(11,301)	(7,196)	—
Levered Free Cash Flow	(3,983)	15,325	7,430	11,341	8,068	15,193
Net cash (received) paid for scheduled derivative settlements	28,261	17,849	(4,725)	46,110	(5,856)	(534)
Levered Free Cash Flow unhedged	$ 24,278	$ 33,174	$ 2,705	$ 57,451	$ 2,212	$ 14,659

The following table presents a reconciliation of the non-GAAP financial measure Adjusted Net Income (Loss) to the GAAP financial measure of Net income (loss) attributable to common stockholders.

	Berry Corp. (Successor)					Berry LLC (Predecessor)
	Three Months Ended June 30, 2018	Three Months Ended March 31, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Four Months Ended June 30, 2017	Two Months Ended February 28, 2017
Adjusted Net Income (Loss) reconciliation to Net income (loss) attributable to common stockholders			(in thousands)			
Net income (loss) attributable to common stockholders	$ (33,711)	$ 760	$ 6,716	$ (32,952)	$ 16,301	$ (502,964)
Add (Subtract):						
Losses (gains) on oil and natural gas derivatives	78,143	34,644	(23,962)	112,787	(48,085)	(12,886)
Net cash received (paid) for scheduled derivative settlements	(28,261)	(17,849)	4,725	(46,110)	5,856	534
Losses (gains) on sale of assets and other, net	123	—	5	123	5	(183)
Non-recurring restructuring and other costs	1,714	2,047	16,846	3,761	24,442	—
Reorganization items, net	(456)	(8,955)	(713)	(9,411)	593	507,720
	51,263	9,887	(3,099)	61,150	(17,189)	495,185
Income tax (expense) benefit of adjustments at effective tax rate	(8,370)	(1,263)	1,229	(10,594)	6,815	n/a
Adjusted Net Income (Loss)	$ 9,182	$ 9,384	$ 4,846	$ 17,604	$ 5,927	$ (7,779)

The following table presents a reconciliation of the non-GAAP financial measure Adjusted General and Administrative Expenses to the GAAP financial measure of general and administrative expenses for each of the periods indicated.

	Berry Corp. (Successor)					Berry LLC (Predecessor)
	Three Months Ended June 30, 2018	Three Months Ended March 31, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Four Months Ended June 30, 2017	Two Months Ended February 28, 2017
	(in thousands)					
Adjusted General and Administrative Expense reconciliation to general and administrative expenses:						
General and administrative expenses	$ 12,482	$ 11,985	$ 22,257	$ 24,466	$ 31,800	$ 7,964
Subtract:						
Non-recurring restructuring and other costs	(1,714)	(2,047)	(16,846)	(3,761)	(24,442)	—
Non-cash stock compensation expense	(1,260)	(1,019)	—	(2,279)	—	—
Adjusted General and Administrative Expenses	$ 9,508	$ 8,919	$ 5,411	$ 18,426	$ 7,358	$ 7,964

Factors Affecting the Comparability of Our Financial Condition and Results of Operations

Basis of Presentation and Fresh-Start Accounting

Upon Berry LLC's emergence from bankruptcy, we adopted fresh-start accounting, which, with the recapitalization upon emergence from bankruptcy, resulted in Berry Corp. becoming the financial reporting entity in our corporate group.

Unless otherwise noted or suggested by context, all financial information and data and accompanying financial statements and corresponding notes, as contained in this Quarterly Report on Form 10-Q, on or prior to the Effective Date, reflect the actual historical results of operations and financial condition of our predecessor company for the periods presented and do not give effect to the Plan or any of the transactions contemplated thereby or the adoption of fresh-start accounting. Following the Effective Date, they reflect the actual historical results of operations and financial condition of Berry Corp. on a consolidated basis and give effect to the Plan and any of the transactions contemplated thereby and the adoption of fresh-start accounting. Thus, the financial information presented herein on or prior to the Effective Date is not comparable to Berry Corp.'s performance or financial condition after the Effective Date. As a result, "black-line" financial statements are presented to distinguish between Berry LLC as the predecessor and Berry Corp. as the successor.

Berry Corp.'s financial statements reflect the application of fresh-start accounting under GAAP. GAAP requires that the financial statements, for periods subsequent to the Chapter 11 Proceeding, distinguish transactions and events that are directly associated with the reorganization from the ongoing operations of the business. Accordingly, certain expenses, gains and losses that are realized or incurred in the bankruptcy proceedings are recorded in "reorganization items, net" on Berry Corp.'s as well as Berry LLC's statements of operations. In addition, Berry Corp.'s balance sheet classifies the cash distributions from the Cash Distribution Pool as "liabilities subject to compromise." Prepetition unsecured and under-secured obligations that were impacted by the bankruptcy reorganization process have been classified as "liabilities subject to compromise" on our balance sheet.

The main actions we took affecting comparability between periods presented include the reorganization of Berry LLC through bankruptcy, entry into the RBL Facility, issuance of the 2026 Notes, dividends on and conversion of Series A Preferred Stock and completion of the IPO. These actions are described above under "-Chapter 11 Bankruptcy and our Emergence" and below in "Liquidity and Capital Resources."

Capital Expenditures and Capital Budget

For the three and six months ended June 30, 2018, our capital expenditures were approximately $39 million and $54 million respectively, on an accrual basis excluding acquisitions.

Following Berry LLC's emergence from bankruptcy and separation from the Linn Entities, we increased our pace of development and have continued to do so in 2018. Our 2018 anticipated capital expenditure budget of approximately $140 to $160 million represents an increase of approximately 107% over our 2017 capital expenditures, including the successor and predecessor periods, of approximately $73 million. Based on current commodity prices and a drilling success rate comparable to our historical performance, we believe we will be able to fund our 2018 capital program exclusively with our levered free cash flow. We expect to:

- employ:
- three drilling rigs in California for the remainder of 2018;
- one additional drilling rig assigned to drilling opportunities in Utah in the second half of 2018;
- drill approximately 180 to 190 gross development wells in 2018, of which we expect at least 175 will be in California.

The table below sets forth the expected allocation of our 2018 capital expenditure budget by area as compared to the allocation of our 2017 capital expenditures.

	Capital Expenditure by Area	
	2018 Budget	**2017 Actual**
	(in millions)	
California	$122-136	$71
Uinta	12-16	1
Piceance	1-2	1
East Texas	—	—
Corporate	5-6	—
Total	$140-160	$73

The amount and timing of these capital expenditures is within our control and subject to our management's discretion. We retain the flexibility to defer a portion of these planned capital expenditures depending on a variety of factors, including but not limited to the success of our drilling activities, prevailing and anticipated prices for oil, natural gas and NGLs, the availability of necessary equipment, infrastructure and capital, the receipt and timing of required regulatory permits and approvals, seasonal conditions, drilling and acquisition costs and the level of participation by other interest owners. Any postponement or elimination of our development drilling program could result in a reduction of proved reserve volumes and materially affect our business, financial condition and results of operations.

Chevron North Midway-Sunset Acquisition

In April 2018, we completed the Chevron North Midway-Sunset Acquisition. We assumed a drilling commitment for the 214 acres of approximately $34.5 million to drill 115 wells, of which none have been drilled, on or before April 1, 2020, which has been extended to April 1, 2022, and would assume an additional 40 well drilling commitment if we exercise our option on the 490 acres. We paid no other consideration for the acquisition. Our drilling commitment will be tolled for a month for each consecutive 30-day period for which the posted price of WTI is less than $45 per barrel. Our 2018 anticipated capital expenditure budget does not currently include funding for drilling wells against the assumed drilling commitment, but we have designated funds for drilling appraisal wells to determine whether to exercise the option. This transaction is consistent with our business strategy to investigate areas beyond our known productive areas.

Commodity Derivatives

Recently, we have utilized swaps, puts and calls to hedge a portion of our forecasted production and reduce exposure to fluctuations in oil and natural gas prices. Swap contracts are designed to provide a fixed price. For fixed-price swaps, we make settlement payments for prices above the indicated weighted-average price per barrel of Brent and receive settlement payments for prices below the indicated weighted average price per barrel of Brent. For oil basis swaps, we make settlement payments if the difference between Brent and WTI is greater than the indicated weighted average price per barrel and receive settlement

payments if the difference between Brent and WTI is below the indicated weighted average price per barrel. We earn a premium on our sold oil calls at the time of sale. We make net settlement payments for prices above the indicated weighted-average price per barrel of Brent. If the calls expire unexercised, no payments are received. For our purchased puts, we would receive settlement payments for prices below the indicated weighted-average price per barrel of Brent. Currently, our hedging program mainly consists of swaps and put options.

Our open derivative positions as of June 30, 2018 were as follows:

	2018	2019	2020
Sold Oil Calls (ICE Brent):			
Hedged volume (MBbls)	186	—	—
Weighted average price ($/Bbl)	$ 81.67	$ —	$ —
Purchased put options (ICE Brent) :			
Hedged volume (MBbls)	—	2,835	455
Weighted average price ($/Bbl)	$ —	$ 65.00	$ 65.00
Fixed Price Swaps (ICE Brent)			
Hedged volume (MBbls)	1,932	900	—
Weighted average price ($/Bbl)	$ 75.13	$ 75.66	$ —
Oil basis differential positions:			
ICE Brent - NYMEX WTI basis swaps			
Hedged volume (MBbls)	184	182.5	—
Weighted average price ($/Bbl)	$ 1.29	$ 1.29	$ —

The following table summarizes the historical results of our hedging activities.

	Berry Corp. (Successor)					Berry LLC (Predecessor)
	Three Months Ended June 30, 2018	Three Months Ended March 31, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Four Months Ended June 30, 2017	Two Months Ended February 28, 2017
Crude Oil (per Bbl):						
Realized price, before the effects of derivative settlements	$ 67.93	$ 62.14	$ 44.27	$ 65.06	$ 44.34	$ 46.94
Effects of derivative settlements	$ (14.71)	$ (9.40)	$ 2.70	$ (12.08)	$ 2.50	$ 0.46

We expect our operations to generate substantial cash flows at current commodity prices. We have protected a portion of our anticipated cash flows through 2020 as part of our crude oil hedging program. Our low-decline production base, coupled with our stable operating cost environment, affords an ability to hedge a material amount of our future expected production.

In May 2018, we elected to terminate outstanding commodity derivative contracts for all WTI oil swaps and certain WTI/Brent basis swaps for July 2018 through December 2019 and all WTI oil sold call options for July 2018 through June 2020. Termination costs totaled approximately $127 million and were calculated in accordance with a bilateral agreement on the cost of elective termination included in these derivative contracts; the present value of the contracts using the forward price curve as of the date termination was elected. No penalties were charged as a result of the elective termination. Concurrently, Berry Corp. entered into commodity derivative contracts consisting of Brent oil swaps for July 2018 through March 2019 and Brent oil purchased put options for January 2019 through March 2020. These Brent oil swaps hedge 1.8 MMBbls in 2018 and 0.9 MMBbls in 2019 at a weighted average price of $75.66. These Brent oil purchased put options provide a weighted average price floor of $65.00 for 2.8 MMBbls in 2019 and 0.5 MMBbls in 2020. We effected these transactions to move from a WTI-based position to a Brent-based position as well as bring our hedged pricing more in line with current market pricing.

Income Taxes

Prior to the Effective Date, Berry LLC was a limited liability company treated as a disregarded entity for federal and state income tax purposes, with the exception of the state of Texas. Limited liability companies are subject to Texas margin tax. As such, with the exception of the state of Texas, Berry LLC was not a taxable entity, it did not directly pay federal and state income taxes and recognition was not given to federal and state income taxes for the operations of Berry LLC. Upon emergence from bankruptcy, Berry Corp. acquired the assets of Berry LLC in a taxable asset acquisition as part of the restructuring. Consequently, we are now taxed as a corporation and have no net operating loss carryforwards for the periods prior to February 28, 2017.

On December 22, 2017, the U.S. the Tax Cuts and Jobs Act (the "Act") which made significant changes to the Internal Revenue Code of 1986, including lowering the maximum federal corporate rate from 35 percent to 21 percent and imposing limitations on the use of net operating losses arising in taxable years ending after December 31, 2017. This was the key contributor to the decrease in our effective rate from 40% in the 2017 Successor periods to 16% and 17% in the three and six months ended June 30, 2018, respectively. We anticipate earnings for fiscal year 2018, in part due to the termination and resetting of our hedge positions in May 2018. These earnings consequently allow for the release of our valuation allowance, resulting in an effective tax rate less than the maximum federal and applicable state tax rate for the six months ended June 30, 2018. There were no current income taxes during the six months ended June 30, 2018

Our accounting for the U.S. Tax Reform Act is incomplete. As noted at year-end, however, we were able to reasonably estimate certain effects and, therefore, recorded provisional adjustments to income tax expense for the revaluation of deferred tax assets and liabilities from 35 percent to 21 percent associated with the reduction in the U.S. corporate income tax rate, and for a valuation allowance on certain deferred tax assets impacted by the Act. We have not revised any of the 2017 provisional estimates. Any subsequent adjustments to these amounts will be recorded to income tax expense in the quarter the analysis is complete.

Business Environment and Market Conditions

The oil and gas industry is heavily influenced by commodity prices. Since the latter half of 2014, commodity prices have declined and remained at relatively low levels through the middle of 2017 but have generally risen since then. For example, the Brent crude oil futures contract prices declined from a high of over $100.16 per Bbl on June 24, 2014 to a low of $40.67 per Bbl on January 20, 2016. The Henry Hub spot price for natural gas has also declined since 2014, though reduced gas prices are a net benefit to our results of operations. While oil prices remain lower than the 2014 averages, they have improved since early 2016. Our revenue, profitability and future growth are highly dependent on the prices we receive for our oil and natural gas production.

The following table presents the average Intercontinental Exchange Brent oil ("Brent"), New York Mercantile Exchange ("NYMEX") WTI oil and NYMEX Henry Hub natural gas prices for the three months ended June 30, 2018, March 31, 2018 and June 30, 2017, the six months ended June 30, 2018, the four months ended June 30, 2017 and the two months ended February 28, 2017:

	Berry Corp. (Successor)					Berry LLC (Predecessor)
	Three Months Ended June 30, 2018	Three Months Ended March 31, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Four Months Ended June 30, 2017	Two Months Ended February 28, 2017
ICE (Brent) oil ($/Bbl)	$ 74.87	$ 67.16	$ 50.90	$ 71.01	$ 51.31	$ 55.72
NYMEX (WTI) oil ($/Bbl)	$ 67.76	$ 62.87	$ 48.28	$ 65.32	$ 48.63	$ 53.04
NYMEX Henry Hub natural gas ($MMBtu)	$ 2.80	$ 3.00	$ 3.18	$ 2.90	$ 3.05	$ 3.66

Oil prices and differentials will continue to be affected by a variety of factors, including worldwide and regional economic conditions, transportation costs, imports, political conditions in producing regions, exploration levels, inventory levels, the actions of the Organization of Petroleum Exporting Countries ("OPEC") and other state-controlled oil companies and significant producers, local pricing, gathering facility and transportation dynamics, exploration, development, production and transportation costs, the effects of conservation, weather, geophysical and technology, refining and processing disruptions, exchange rates, taxes and

regulations and other matters affecting the supply and demand dynamics for oil, technological advances, regional market conditions, transportation capacity and costs in producing areas and the effect of changes in these variables on market perceptions.

California oil prices are Brent-influenced as California refiners import more than 50% of the state's demand from foreign sources. There is a closer correlation of prices in California to Brent pricing than to WTI. Without the higher costs associated with importing crude via rail or supertanker, we believe our in-state production and low-cost transportation of crude, coupled with Brent-influenced pricing, will allow us to continue to realize strong cash margins in California.

Prices and differentials for NGLs are related to the supply and demand for the products making up these liquids. Some of them more typically correlate to the price of oil while others are affected by natural gas prices as well as the demand for certain chemical products for which they are used as feedstock. In addition, infrastructure constraints magnify pricing volatility.

Natural gas prices and differentials are strongly affected by local market fundamentals, as well as availability of transportation capacity from producing areas. Higher natural gas prices have a net negative effect on our operating results. We use substantially more natural gas for our steamfloods and power generation, than we produce and sell. The negative impact of higher prices on our operating costs is, however, partially offset by higher natural gas sales.

Our earnings are also affected by the performance of our cogeneration facilities. These cogeneration facilities generate both electricity and steam for our properties and electricity for off-lease sales. While a portion of the electric output of our cogeneration facilities is utilized within our production facilities to reduce operating expenses, we also sell electricity produced by three of our cogeneration facilities under long-term contracts.

Seasonality

Seasonal weather conditions and lease stipulations can limit our drilling and producing activities. These seasonal conditions can occasionally pose challenges in our operations for meeting well-drilling objectives and increase competition for equipment, supplies and personnel, which could lead to shortages and increase costs or delay operations. For example, our operations may be impacted by ice and snow in the winter and by electrical storms and high temperatures in the spring and summer, as well as by wild fires.

Production, Prices and Costs

The following table sets forth information regarding total production, average daily production, average prices and average costs for each of the periods indicated.

	Berry Corp. (Successor)				
	Three Months Ended June 30, 2018	Three Months Ended March 31, 2018	Three Months Ended June 30, 2017	Variance Q2 2018 vs. Q1 2018	Variance Q2 2018 vs. Q2 2017
Average daily production:					
Oil (MBbl/d)	21.1	21.1	19.2	—	1.9
Natural Gas (MMcf/d)	28.0	27.6	73.1	0.4	(45.1)
NGL (MBbl/d)	0.7	0.5	2.9	0.2	(2.2)
Total (MBoe/d)(1)	26.5	26.2	34.4	0.3	(7.9)
Total Production:					
Oil (MBbl)	1,920	1,897	1,752	23	168
Natural gas (MMcf)	2,551	2,481	6,656	70	(4,105)
NGLs (MBbl)	62	45	267	17	(205)
Total combined production (MBoe)(1)	2,408	2,356	3,128	52	(720)
Weighted average realized prices:				—	—
Oil with hedges (Bbl)	$ 53.22	$ 52.74	$ 46.97	$ 0.48	$ 6.25
Oil without hedges (Bbl)	$ 67.93	$ 62.14	$ 44.27	$ 5.79	$ 23.66
Natural gas (Mcf)	$ 2.12	$ 2.64	$ 2.74	$ (0.52)	$ (0.62)
NGL (Bbl)	$ 24.38	$ 25.56	$ 22.72	$ (1.18)	$ 1.66
Average Benchmark prices:				$ —	$ —
Oil (Bbl) – Brent	$ 74.87	$ 67.16	$ 50.90	$ 7.71	$ 23.97
Oil (Bbl) – WTI	$ 67.76	$ 62.87	$ 48.28	$ 4.89	$ 19.48
Natural gas (MMBtu) – NYMEX Henry Hub	$ 2.80	$ 3.00	$ 3.18	$ (0.20)	$ (0.38)
Average costs per Boe(2):					
Lease operating expenses	$ 17.24	$ 18.80	$ 14.62	$ (1.56)	$ 2.62
Electricity generation expenses	$ 1.30	$ 1.94	$ 1.43	$ (0.64)	$ (0.13)
Electricity sales (2)	$ (2.48)	$ (2.31)	$ (1.83)	$ (0.17)	$ (0.65)
Transportation expenses	$ 0.97	$ 1.26	$ 3.01	$ (0.29)	$ (2.04)
Transportation sales (2)	$ (0.09)	$ —	$ —	$ (0.09)	$ (0.09)
Marketing expenses	$ 0.17	$ 0.25	$ 0.23	$ (0.08)	$ (0.06)
Marketing revenues (2)	$ (0.22)	$ (0.33)	$ (0.26)	$ 0.11	$ 0.04
Total operating expenses	$ 16.89	$ 19.61	$ 17.20	$ (2.72)	$ (0.31)
General and administrative expenses (3)	$ 5.18	$ 5.09	$ 7.11	$ 0.09	$ (1.93)
Depreciation, depletion and amortization	$ 9.08	$ 7.82	$ 6.57	$ 1.26	$ 2.51
Taxes, other than income taxes	$ 3.62	$ 3.50	$ 3.28	$ 0.12	$ 0.34

(1) Natural gas volumes have been converted to Boe based on energy content of six Mcf of gas to one Bbl of oil. Barrels of oil equivalence does not necessarily result in price equivalence. The price of natural gas on a barrel of oil equivalent basis is currently substantially lower than the corresponding price for oil and has been similarly lower for a number of years. For example, in the year ended December 31, 2017, the average prices of ICE (Brent) oil and NYMEX Henry Hub natural gas were $54.82 per Bbl and $3.11 per Mcf, respectively, resulting in an oil-to-gas ratio of over 17 to 1.

(2) We report electricity, transportation and marketing sales separately in our financial statements as revenues in accordance with GAAP. However, these revenues are viewed and used internally in calculating operating expenses which is used to track and analyze the economics of development projects and the efficiency of our hydrocarbon recovery. We purchase third-party

gas to generate electricity through our cogeneration facilities to be used in our field operations activities and view the added benefit of any excess electricity sold externally as a cost reduction/benefit to generating steam for our thermal recovery operations. Marketing expenses mainly relate to natural gas purchased from third parties that moves through our gathering and processing systems and then is sold to third parties. Transportation sales, reported in "Other Revenues", relates to water and other liquids that we transport on our systems on behalf of third parties.

(3) Includes non-recurring restructuring and other costs and non-cash stock compensation expense, in aggregate, of approximately $1.24, $1.31 and $5.39 per Boe for the three months ended June 30, 2018, March 31, 2018 and June 30, 2017, respectively.

The following table sets forth average daily production by operating area for the periods indicated:

	Berry Corp. (Successor)		
	Three Months Ended June 30, 2018	Three Months Ended March 31, 2018	Three Months Ended June 30, 2017
Average daily production (MBoe/d):			
California(1)	18.8	18.8	16.3
Hugoton basin(2)	—	—	8.6
Uinta basin	5.3	5.0	5.9
Piceance basin	1.6	1.6	2.5
East Texas	0.8	0.8	1.1
	26.5	26.2	34.4

(1) On July 31, 2017, we purchased the remaining approximately 84% working interest of our South Belridge Hill property, located in Kern County, California.

(2) On July 31, 2017, we sold our 78% working interest in the Hugoton natural gas field located in southwest Kansas and the Oklahoma Panhandle. Our Hugoton assets represented approximately 24% of our average net daily production for the year ended December 31, 2016.

Average daily production volumes decreased to approximately 26.5 MBoe/d or 23% for the three months ended June 30, 2018 from approximately 34.4 MBoe/d for the three months ended June 30, 2017. The decrease primarily reflected the decreased natural gas and NGL volumes from the sale of an approximately 78% non-operating, working interest in the Hugoton natural gas field (the "Hugoton Disposition") in July 2017, partially offset by the additional oil volumes from the acquisition of an approximately 84% non-operating, working interest in a South Belridge Hill property, (the "Hill Acquisition") in July 2017. Also contributing to the decrease to a lesser degree was the delay between our increase in capital spending in late 2017 to arrest production declines due to reduced capital spending in 2016 and early 2017, and the effectiveness of the increase which we began to observe in early and mid 2018.

Average daily production volumes increased for the three months ended June 30, 2018 compared to the three months ended March 31, 2018 due to the increased development capital spending in late 2017 and early 2018.

The following tables set forth information regarding total production, average daily production, average prices and average costs for the six months ended June 30, 2018 compared to the six months ended June 30, 2017, including the successor and predecessor periods. The information for the six months ended June 30, 2017 are reflected in the tables and narrative discussion that follows in two distinct periods, the four months ended June 30, 2017 and the two months ended February 28, 2017, as a result of our emergence from bankruptcy on February 28, 2017. References in these results of operations to the six months ended June 30, 2017 are used to provide comparable periods. While this combined presentation is a non-GAAP presentation for which there is no comparable GAAP measure, management believes that providing this financial information is the most relevant and useful method for comparing the periods presented.

	Berry Corp. (Successor)		Berry LLC (Predecessor)
	Six Months Ended June 30, 2018	Four Months Ended June 30, 2017	Two Months Ended February 28, 2017
Average Daily Production:			
Oil (MBbl/d)	21.1	19.2	19.5
Natural Gas (MMcf/d)	27.8	72.8	71.7
NGL (MBbl/d)	0.6	3.1	5.2
Total (MBoe/d)(1)	26.3	34.4	36.6
Total Production:			
Oil (MBbl)	3,818	2,338	1,153
Natural gas (MMcf)	5,032	8,877	4,232
NGLs (MBbl)	108	379	304
Total combined production (MBoe)(1)	4,764	4,196	2,162
Weighted average realized prices:			
Oil with hedges (Bbl)	$ 52.98	$ 46.84	$ 47.40
Oil without hedges (Bbl)	$ 65.06	$ 44.34	$ 46.94
Natural gas (Mcf)	$ 2.38	$ 2.67	$ 3.42
NGL (Bbl)	$ 24.88	$ 21.64	$ 18.20
Average benchmark prices:			
Oil (Bbl) – Brent	$ 71.01	$ 51.31	$ 55.72
Oil (Bbl) – WTI	$ 65.32	$ 48.63	$ 53.04
Natural gas (MMBtu) – NYMEX Henry Hub	$ 2.90	$ 3.05	$ 3.66
Average costs per Boe (2):			
Lease operating expenses	$ 18.01	$ 14.01	$ 13.06
Electricity generation expenses	$ 1.62	$ 1.34	$ 1.48
Electricity sales (2)	$ (2.40)	$ (1.57)	$ (1.69)
Transportation expenses	$ 1.12	$ 3.11	$ 2.86
Transportation sales (2)	$ (0.05)	$ —	$ —
Marketing expenses	$ 0.21	$ 0.24	$ 0.30
Marketing revenues (2)	$ (0.27)	$ (0.26)	$ (0.29)
Total operating expenses	$ 18.24	$ 16.87	$ 15.72
General and administrative expenses (3)	$ 5.14	$ 7.58	$ 3.68
Depreciation, depletion and amortization	$ 8.46	$ 6.57	$ 13.02
Taxes, other than income taxes	$ 3.56	$ 3.18	$ 2.41

(1) Natural gas volumes have been converted to Boe based on energy content of six Mcf of gas to one Bbl of oil. Barrels of oil equivalence does not necessarily result in price equivalence. The price of natural gas on a barrel of oil equivalent basis is currently substantially lower than the corresponding price for oil and has been similarly lower for a number of years.

(2) We report electricity, transportation and marketing sales separately in our financial statements as revenues in accordance with GAAP. However, these revenues are viewed and used internally in calculating operating expenses which is used to track and analyze the economics of development projects and the efficiency of our hydrocarbon recovery. We purchase third-party

gas to generate electricity through our cogeneration facilities to be used in our field operations activities and view the added benefit of any excess electricity sold externally as a cost reduction/benefit to generating steam for our thermal recovery operations. Marketing expenses mainly relate to natural gas purchased from third parties that moves through our gathering and processing systems and then is sold to third parties. Transportation sales, reported in "Other Revenues", relate to water and other liquids that we transport on our systems on behalf of third parties.

(3) Includes non-recurring restructuring and other costs and non-cash stock compensation expense, in aggregate, of approximately $1.28, $5.83 and none per Boe for the six months ended June 30, 2018, the four months ended June 30, 2017 and the two months ended February 28, 2017, respectively.

	Berry Corp. (Successor)		Berry LLC (Predecessor)
	Six Months Ended June 30, 2018	Four Months Ended June 30, 2017	Two Months Ended February 28, 2017
Average daily production (MBoe/d):			
California (San Joaquin) (1)	18.8	16.3	17.0
Hugoton basin(2)	—	8.9	10.8
Uinta basin	5.1	5.7	5.4
Piceance basin	1.6	2.5	2.3
East Texas	0.8	1.0	1.1
	26.3	34.4	36.6

Average daily production volumes decreased to approximately 26.3 MBoe/d for the six months ended June 30, 2018 from approximately 35.1 MBoe/d for the six months ended June 30, 2017, including the successor and predecessor periods. The decrease primarily reflected the decreased natural gas and NGL volumes from the sale of the approximately 78% non-operating, working interest in the Hugoton natural gas field in July 2017, partially offset by the additional oil volumes from the Hill Acquisition. Also contributing to the decrease, to a lesser degree, was the delayed impact of increasing capital after our emergence from bankruptcy in early 2017 following the reduced development capital spending in 2016 and early 2017.

Balance Sheet Analysis

The changes in our balance sheet from December 31, 2017 to June 30, 2018 are discussed below.

	Berry Corp. (Successor)	
	June 30, 2018	December 31, 2017
	(in thousands)	
Cash and cash equivalents	$ 3,600	$ 33,905
Accounts receivable, net	$ 56,860	$ 54,720
Restricted cash	$ 19,710	$ 34,833
Other current assets	$ 14,981	$ 14,066
Property, plant & equipment, net	$ 1,397,919	$ 1,387,191
Other noncurrent assets	$ 22,086	$ 21,687
Accounts payable and accrued liabilities	$ 113,170	$ 97,877
Derivative instruments-current and long term	$ 15,010	$ 60,165
Liabilities subject to compromise	$ 19,710	$ 34,833
Long term debt	$ 457,333	$ 379,000
Asset retirement obligation	$ 88,575	$ 94,509
Other noncurrent liabilties	$ 12,862	$ 3,704
Equity	$ 808,496	$ 859,310

See “Liquidity and Capital Resources” for a discussion about the changes in cash and cash equivalents, as well as long term debt.

Restricted cash at June 30, 2018 and December 31, 2017 represents funds set aside to settle the general unsecured creditors claims resulting from our bankruptcy process. The decrease in restricted cash, and the corresponding decrease in liabilities subject to compromise, represents the settlement of these claims, the return of undistributed funds in the amount of $9 million and professional fees related to the settlement of these claims.

The increase in accounts payable and accrued liabilities is largely the result of the new interest payment obligations on our 2026 Notes, issued in February of 2018 of $11 million.

The decrease in the derivative liability reflects the early termination and replacement of certain hedge contracts to move from a WTI-based position to a Brent-based position and to align our hedging program with higher current commodity prices.

The increase in long term debt represents the issuance of our 2026 Notes in February 2018 in the principal amount of $400 million and the usage of the proceeds to pay down the $379 million balance on our RBL Facility, partially offset by $66 million of additional RBL Facility borrowings in the second quarter of 2018.

The increase in other noncurrent liabilities represents an additional greenhouse gas liability of $9 million for production during the six months ended June 30, 2018 and which is due for payment more than one year from June 30, 2018.

The decrease in equity reflects the $20 million repurchase from certain general unsecured creditors of the right to receive shares of our common stock in settlement of their claims, the declaration of approximately $11 million in dividends on our Series A Preferred Stock and our results of operations.

Results of Operations

Results of Operations - Three Months Ended June 30, 2018 compared to Three Months Ended March 31, 2018.

	Berry Corp. (Successor)			
(in thousands)	**Three Months Ended June 30, 2018**	**Three Months Ended March 31, 2018**	**$ Change**	**% Change**
Revenues and other:				
Oil, natural gas and NGL sales	$ 137,385	$ 125,624	$ 11,761	9 %
Electricity sales	5,971	5,453	518	9 %
(Losses) gains on oil and natural gas derivatives	(78,143)	(34,644)	(43,499)	126 %
Marketing and other revenues	769	851	(82)	(10)%
	65,982	97,284	(31,302)	(32)%
Expenses and other:				
Lease operating expenses	41,517	44,303	(2,786)	(6)%
Electricity generation expenses	3,135	4,590	(1,455)	(32)%
Transportation expenses	2,343	2,978	(635)	(21)%
Marketing expenses	407	580	(173)	(30)%
General and administrative expenses	12,482	11,985	497	4 %
Depreciation, depletion, amortization and accretion	21,859	18,429	3,430	19 %
Taxes, other than income taxes	8,715	8,256	459	6 %
(Gains) losses on sale of assets and other, net	123	—	123	
	90,581	91,121	(540)	(1)%
Other income and (expenses):				
Interest expense	(9,155)	(7,796)	(1,359)	17 %
Other, net	(239)	27	(266)	(985)%
Reorganization items, net	456	8,955	(8,499)	(95)%
Income (loss) before income taxes	(33,537)	7,349	(40,886)	(556)%
Income tax expense (benefit)	(5,476)	939	(6,415)	(683)%
Net income (loss)	(28,061)	6,410	(34,471)	(538)%
Dividends on Series A Preferred Stock	(5,650)	(5,650)	—	— %
Net income (loss) available to common stockholders	$ (33,711)	$ 760	$ (34,471)	(4,536)%

Revenues and Other

Oil, natural gas and NGL sales increased $12 million, or 9% to approximately $137 million for the three months ended June 30, 2018 compared to the three months ended March 31, 2018. The increase reflects improved oil prices and a slight increase in production.

Electricity sales represent sales to utilities and increased by approximately $0.5 million, or 9%, to approximately $6 million for the three months ended June 30, 2018, compared to the three months ended March 31, 2018. The increase was primarily due to higher seasonal prices.

Losses on oil and natural gas derivatives were approximately $78 million for the three months ended June 30, 2018 compared to losses of approximately $35 million for the three months ended March 31, 2018. The increase represents improved commodity prices relative to the fixed prices of our derivative contracts.

Marketing and other revenues for the three months ended June 30, 2018 were comparable to the three months ended March 31, 2018. Marketing revenues in these periods primarily represent sales of third-party natural gas and were comparable for these periods.

Expenses and other

We report sales of electricity, marketing and transportation activities (as applicable) separately in our financial statements as revenues in accordance with GAAP. However, these revenues are viewed and used internally in calculating operating expenses which is used to track and analyze the economics of development projects and the efficiency of our hydrocarbon recovery. We purchase third-party gas to generate electricity through our cogeneration facilities to be used in our field operations activities and view the added benefit of any excess electricity sold externally as a cost reduction/benefit to generating steam for our thermal recovery operations. Marketing revenues and expenses mainly relate to natural gas purchased from third parties that moves through our gathering and processing systems and then is sold to third parties. Transportation sales, reported in "Other Revenues", relate to water and other liquids that we transport on our systems on behalf of third parties.

Operating expenses, as defined above, decreased to $16.89 per Boe for the quarter ended June 30, 2018 from $19.61 per Boe for the quarter ended March 31, 2018, for the reasons noted below.

Lease operating expenses include fuel, labor, field office, vehicle, supervision, maintenance, tools and supplies, and workover expenses. Lease operating expenses decreased by approximately $3 million, or 6%, to approximately $42 million for the three months ended June 30, 2018, compared to the three months ended March 31, 2018. The decrease was primarily due to lower well servicing activity, lower fuel gas costs and increased oil inventory caused by market disruptions in Utah in the quarter ended June 30, 2018. For the same reasons, lease operating expenses per Boe decreased to $17.24 per Boe for the three months ended June 30, 2018 from $18.80 per Boe for the three months ended March 31, 2018.

Electricity generation expenses decreased by approximately $1.5 million or 32% for the three months ended June 30, 2018 compared to the three months ended March 31, 2018, primarily due to lower fuel gas costs and reduced cogen operating costs due to replacement of a third party service provider with internal staffing.

Transportation expenses decreased by approximately $0.6 million, or 21%, to approximately $2 million for the three months ended June 30, 2018, compared to the three months ended March 31, 2018, primarily due to reduced costs for use of certain third-party systems.

Marketing expenses for the three months ended June 30, 2018 were comparable to the three months ended March 31, 2018.

General and administrative expenses increased by approximately $0.5 million, or 4%, to approximately $12 million for the three months ended June 30, 2018 compared to the three months ended March 31, 2018, primarily due to increased costs related to preparing to be a public company. The increase in absolute dollars incurred resulted in slightly higher general and administrative expenses of $5.18 per Boe for the three months ended June 30, 2018, compared to $5.09 per Boe for the three months ended March 31, 2018. For the three months ended June 30, 2018 and March 31, 2018, general and administrative expenses included non-recurring restructuring and other costs of approximately $1.7 million and $2.0 million, respectively, and non-cash stock compensation costs of approximately $1.3 million and $1.0 million, respectively.

Depreciation, depletion and amortization ("DD&A") increased by approximately $3 million, or 19%, to approximately $22 million for the three months ended June 30, 2018 compared to the three months ended March 31, 2018, primarily due to increased DD&A rates, slightly higher production and increased asset retirement accretion expense.

Taxes, Other Than Income Taxes

	Berry Corp. (Successor)		
	Three Months Ended June 30, 2018	Three Months Ended March 31, 2018	Variance
(in thousands)			
Severance taxes	$ 2,997	$ 2,764	$ 233
Ad valorem and property taxes	3,141	3,417	(276)
Greenhouse gas allowances	2,577	2,075	502
	$ 8,715	$ 8,256	$ 459

For the three months ended June 30, 2018 compared to the three months ended March 31, 2018, greenhouse gas allowance costs increased due to the higher unit cost and increased activity.

Other income and (expenses)

	Berry Corp. (Successor)		
	Three Months Ended June 30, 2018	Three Months Ended March 31, 2018	Variance
(in thousands)			
Interest expense, net of amounts capitalized	$ (9,155)	$ (7,796)	$ (1,359)
Other, net	(239)	27	(266)
	$ (9,394)	$ (7,769)	$ (1,625)

Interest expense increased for the three months ended June 30, 2018 by $1.4 million or 17%, compared to the three months ended March 31, 2018, due to increased borrowings on the RBL Facility and three months of the interest on the 2026 Notes in the second quarter versus one and a half months in the first quarter.

The following table summarizes the components of reorganization items included in the statement of operations:

	Berry Corp. (Successor)		
	Three Months Ended June 30, 2018	Three Months Ended March 31, 2018	Variance
(in thousands)			
Return of Undistributed Funds from Cash Distribution Pool	$ —	$ 9,000	$ (9,000)
Refund of pre-emergence prepaid costs	—	579	(579)
Legal and other professional advisory fees	(1,178)	(624)	(554)
Gain on resolution of pre-emergence liabilities	1,634	—	1,634
	$ 456	$ 8,955	$ (8,499)

Reorganization items, net consisted of a gain of approximately $0.5 million for the three months ended June 30, 2018. The gain was primarily due to the resolution of certain pre-emergence liabilities, partially offset by legal and other professional fees. For the three months ended March 31, 2018, the gain of $9 million reflected the return of undistributed funds reserved for settlement of claims of general unsecured creditors.

Income taxes

The three months ended June 30, 2018 had a $5.5 million tax benefit compared to income tax expense of $0.9 million for the three months ended March 31, 2018. The effective tax rate was 16% for the three months ended June 30, 2018 and 13% for the three months ended March 31, 2018.

Results of Operations - Three Months Ended June 30, 2018 compared to Three Months Ended June 30, 2017.

	Berry Corp. (Successor)			
(in thousands)	**Three Months Ended June 30, 2018**	**Three Months Ended June 30, 2017**	**$ Change**	**% Change**
Revenues and other:				
Oil, natural gas and NGL sales	$ 137,385	$ 101,884	$ 35,501	35 %
Electricity sales	5,971	5,712	259	5 %
(Losses) gains on oil and natural gas derivatives	(78,143)	23,962	(102,105)	(426)%
Marketing and other revenues	769	3,164	(2,395)	(76)%
	65,982	134,722	(68,740)	(51)%
Expenses and other:				
Lease operating expenses	41,517	45,726	(4,209)	(9)%
Electricity generation expenses	3,135	4,465	(1,330)	(30)%
Transportation expenses	2,343	9,404	(7,061)	(75)%
Marketing expenses	407	730	(323)	(44)%
General and administrative expenses	12,482	22,257	(9,775)	(44)%
Depreciation, depletion, amortization and accretion	21,859	20,549	1,310	6 %
Taxes, other than income taxes	8,715	10,249	(1,534)	(15)%
(Gains) losses on sale of assets and other, net	123	5	118	2,360 %
	90,581	113,385	(22,804)	(20)%
Other income and (expenses):				
Interest expense	(9,155)	(4,885)	(4,270)	87 %
Other, net	(239)	2,916	(3,155)	(108)%
Reorganization items, net	456	713	(257)	(36)%
Income (loss) before income taxes	(33,537)	20,081	(53,618)	(267)%
Income tax expense (benefit)	(5,476)	7,961	(13,437)	(169)%
Net income (loss)	(28,061)	12,120	(40,181)	(332)%
Dividends on Series A Preferred Stock	(5,650)	(5,404)	(246)	5 %
Net income (loss) available to common stockholders	$ (33,711)	$ 6,716	$ (40,427)	(602)%

Revenues and Other

Oil, natural gas and NGL sales increased $36 million, or 35% to approximately $137 million for the three months ended June 30, 2018 compared to the three months ended June 30, 2017. The increase reflects improved oil prices and an increased mix of oil production compared to gas production as a result of the Hill Acquisition and Hugoton Disposition, partially offset by decreased production on an oil-equivalent basis.

Electricity sales represent sales to utilities and increased by approximately $0.3 million, or 5%, to approximately $6 million for the three months ended June 30, 2018, compared to the three months ended June 30, 2017. The increase was primarily due to higher volumes sold externally as a result of lower downtime at our cogens in the three months ended June 30, 2018 than the three months ended June 30, 2017.

Losses on oil and natural gas derivatives were approximately $78 million for the three months ended June 30, 2018 compared to approximately $24 million of gains for the three months ended June 30, 2017. Losses on oil and natural gas derivatives for the three months ended June 30, 2018 were primarily due to an increase in hedging activity, a portion of which was required by the RBL Facility at closing in July 2017, and improved commodity prices relative to the fixed prices of our derivative contracts.

Marketing and other revenues decreased by approximately $2 million, or 76%, to approximately $0.8 million for the three months ended June 30, 2018, compared to the three months ended June 30, 2017. Marketing revenues in these periods primarily represent sales of third-party natural gas and were comparable for these periods. Other revenues in 2017 comprised mostly helium sales, all of which were derived from our Hugoton asset prior to its disposition in July 2017.

Expenses and Other

We report sales of electricity, marketing and transportation activities (as applicable) separately in our financial statements as revenues in accordance with GAAP. However, these revenues are viewed and used internally in calculating operating expenses which is used to track and analyze the economics of development projects and the efficiency of our hydrocarbon recovery.

Operating expenses, as defined above, decreased to $16.89 per Boe for the quarter ended June 30, 2018 from $17.20 per Boe for the quarter ended June 30, 2017, for the reasons noted below.

Lease operating expenses include fuel, labor, field office, vehicle, supervision, maintenance, tools and supplies, and workover expenses. Lease operating expenses decreased by approximately $4 million, or 9%, to approximately $42 million for the three months ended June 30, 2018, compared to the three months ended June 30, 2017. The decrease was primarily due to a decrease in the price of fuel gas used in operations. Further, lease operating expenses per Boe increased to $17.24 per Boe for the three months ended June 30, 2018 from $14.62 per Boe for the three months ended June 30, 2017, primarily due to increased oil production to 80% of total production from 56% of total production as a result of the Hugoton Disposition (natural gas production) and Hill Acquisition (oil production) which adversely impacted costs per Boe. Replacing low cost natural gas production with oil production in 2017 had a disproportionate impact (oil volume rose 10% and gas volume decreased 62% but cost per Boe rose 18%), on our costs per Boe when comparing these respective periods.

Electricity generation expenses decreased approximately $1 million or 30% to $3 million for the three months ended June 30, 2018 and the three months ended June 30, 2017, primarily due to a decrease in the price of natural gas.

Transportation expenses decreased by approximately $7 million, or 75%, to approximately $2 million for the three months ended June 30, 2018, compared to the three months ended June 30, 2017, primarily due to the Hugoton Disposition of gas properties, which required significant transportation expense because gas transportation is generally borne by the seller and oil transportation costs are borne by the buyer.

Marketing expenses decreased $0.3 million or 44% to $0.4 million for the three months ended June 30, 2018 compared to the three months ended June 30, 2017, primarily due to the decrease in natural gas prices.

General and administrative expenses decreased by approximately $10 million, or 44%, to approximately $12 million for the three months ended June 30, 2018 compared to the three months ended June 30, 2017, primarily due to the management change in conjunction with our emergence from bankruptcy. The reduction in absolute dollars spent, as well as lower production volumes resulted in lower general and administrative expenses of $5.18 per Boe for the three months ended June 30, 2018, compared to $7.11 per Boe for the three months ended June 30, 2017. For the three months ended June 30, 2018, general and administrative expenses included non-recurring restructuring and other costs of approximately $1.7 million and non-cash stock compensation costs of approximately $1.3 million. For the three months ended June 30, 2017, general and administrative expenses included non-recurring restructuring and other costs of approximately $17 million and no non-cash stock compensation costs.

DD&A increased by approximately $1 million, or 6%, to approximately $22 million for the three months ended June 30, 2018 compared to the three months ended June 30, 2017, primarily due to the Hill Acquisition. The Hill property which had a higher depletion rate than the Hugoton field.

Taxes, Other Than Income Taxes

	Berry Corp. (Successor)		
	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Variance
(in thousands)			
Severance taxes	$ 2,997	$ 2,466	$ 531
Ad valorem and property taxes	3,141	4,498	(1,357)
Greenhouse gas allowances	2,577	3,285	(708)
	$ 8,715	$ 10,249	$ (1,534)

Taxes, other than income taxes decreased by approximately $1.5 million or 15% for the three months ended June 30, 2018 compared to the three months ended June 30, 2017 due to (i) an increase in gross sales revenue which is the basis for severance taxes, (ii) lower ad valorem and property taxes due to reduced tax assessments in 2018 and (iii) lower prices for greenhouse gas emission credits, partially offset by an increase in emissions in 2018.

Other income and (expenses)

	Berry Corp. (Successor)		
	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Variance
(in thousands)			
Interest expense, net of amounts capitalized	$ (9,155)	$ (4,885)	$ (4,270)
Other, net	(239)	2,916	(3,155)
	$ (9,394)	$ (1,969)	$ (7,425)

Interest expense increased for the three months ended June 30, 2018 by approximately $4 million or 87%, compared to the three months ended June 30, 2017, primarily due to the addition of interest expense on the 2026 Notes, which were issued in February 2018, partially offset by lower interest on the RBL Facility due to the decrease in borrowings period over period.

The following table summarizes the components of reorganization items included in the statement of operations:

	Berry Corp. (Successor)		
	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Variance
(in thousands)			
Legal and other professional advisory fees	(1,178)	(3,199)	2,021
Gain on resolution of pre-emergence liabilities	1,634	3,912	(2,278)
	$ 456	$ 713	$ (257)

Reorganization items, net consisted of a gain of approximately $0.5 million for the three months ended June 30, 2018, compared to the $0.7 million gain for the three months ended June 30, 2017. The second quarter 2018 gain was primarily due to the resolution of certain pre-emergence liabilities, partially offset by legal and other professional fees. The 2017 gain amount was primarily due to a resolution of certain pre-emergence liabilities of $3.9 million partially offset by legal and professional fees to resolve outstanding bankruptcy-related claims.

Income tax benefit was $5.5 million for the three months ended June 30, 2018, compared to the income tax expense of $8.0 million for the three months ended June 30, 2017 due to recording pre-tax loss in 2018 compared to pre-tax income in 2017. The decrease in the effective tax rates from 40% in 2017 to 16% in 2018 was primarily a result of the new tax laws for 2018.

Results of Operations - Six Months Ended June 30, 2018 compared to the Six Months ended June 30, 2017 , including the successor and predecessor periods.

Our results of operations for the six months ended June 30, 2017 are reflected in the tables and narrative discussion that follow in two distinct periods, the four months ended June 30, 2017 and the two months ended February 28, 2017, as a result of our emergence from bankruptcy on February 28, 2017. References in these results of operations to the six months ended June 30, 2017 are used to provide comparable periods. While this combined presentation is a non-GAAP presentation for which there is no comparable GAAP measure, management believes that providing this financial information is the most relevant and useful method for comparing the periods presented.

	Berry Corp. (Successor)		Berry LLC (Predecessor)		
	(a)	(b)	(c)	(a)-((b)+(c))	
	Six Months Ended June 30, 2018	Four Months Ended June 30, 2017	Two Months Ended February 28, 2017	$ Change	% Change
(in thousands)					
Revenues and other:					
Oil, natural gas and NGL sales	$ 263,010	$ 135,562	$ 74,120	$ 53,328	25 %
Electricity sales	11,423	6,603	3,655	1,165	11 %
(Losses) gains on oil and natural gas derivatives	(112,787)	48,085	12,886	(173,758)	(285)%
Marketing and other revenues	1,619	4,127	2,057	(4,565)	(74)%
	163,265	194,377	92,718	(123,830)	(43)%
Expenses and other:				—	
Lease operating expenses	85,819	58,790	28,238	(1,209)	(1)%
Electricity generation expenses	7,725	5,613	3,197	(1,085)	(12)%
Transportation expenses	5,321	13,059	6,194	(13,932)	(72)%
Marketing expenses	987	1,000	653	(666)	(40)%
General and administrative expenses	24,466	31,800	7,964	(15,298)	(38)%
Depreciation, depletion, amortization and accretion	40,288	27,571	28,149	(15,432)	(28)%
Taxes, other than income taxes	16,972	13,330	5,212	(1,570)	(8)%
(Gains) losses on sale of assets and other, net	123	5	(183)	301	(169)%
	181,701	151,168	79,424	(48,891)	(21)%
Other income and (expenses):				—	
Interest expense	(16,951)	(6,600)	(8,245)	(2,106)	14 %
Other, net	(212)	2,916	(63)	(3,065)	(107)%
Reorganization items, net	9,411	(593)	(507,720)	517,724	(102)%
Income (loss) before income taxes	(26,188)	38,932	(502,734)	437,614	(94)%
Income tax expense (benefit)	(4,537)	15,435	230	(20,202)	(129)%
Net income (loss)	(21,651)	23,497	(502,964)	457,816	(95)%
Dividends on Series A Preferred Stock	(11,301)	(7,196)	—	(4,105)	57 %
Net income (loss) available to common stockholders	$ (32,952)	$ 16,301	$ (502,964)	$ 453,711	(93)%

Revenues and Other

Oil, natural gas and NGL sales increased approximately $53 million, or 25% to approximately $263 million for the six months ended June 30, 2018 compared to the six months ended June 30, 2017, including the successor and predecessor periods. The increase reflects improved oil prices and an increased mix of oil production compared to gas production as a result of the Hill Acquisition and Hugoton Disposition, partially offset by decreased overall production, as well as slightly lower gas prices.

Electricity sales represent sales to utilities and increased by approximately $1 million, or 11%, to approximately $11 million for the six months ended June 30, 2018, compared to the six months ended June 30, 2017, including the successor and predecessor periods, primarily due to higher volumes sold externally as a result of lower downtime at our cogens.

Losses on oil and natural gas derivatives increased to approximately $113 million in the six months ended June 30, 2018, compared to gains of approximately $61 million in the six months ended June 30, 2017, including the successor and predecessor periods. Losses on oil and natural gas derivatives in 2018 were primarily due to an increase in hedging activity, a portion of which was required by the RBL Facility at closing in July 2017, and improved commodity prices relative to the fixed prices of our derivative contracts.

Marketing and other revenues decreased approximately $5 million or 74% for the six months ended June 30, 2018 when compared to the six months ended June 30, 2017, including successor and predecessor periods, primarily due to the lost helium sales revenue as a result of the Hugoton Disposition.

Expenses and other

We report sales of electricity, marketing and transportation activities (as applicable) separately in our financial statements as revenues in accordance with GAAP. However, these revenues are viewed and used internally in calculating operating expenses which is used to track and analyze the economics of development projects and the efficiency of our hydrocarbon recovery. Operating expenses increased to $18.24 per Boe for the six months ended June 30, 2018 from $15.78 for the six months ended June 30, 2017 including the successor and predecessor periods, for the reasons described below.

Lease operating expenses include fuel, labor, field office, vehicle, supervision, maintenance, tools and supplies, and workover expenses. Lease operating expenses in absolute dollars for the six months ended June 30, 2018 compared to the six months ended June 30, 2017, including the successor and predecessor periods, reflected lower fuel gas costs offset by higher activity in 2018 compared to 2017. Lease operating expenses per Boe increased to $18.01 per Boe for the six months ended June 30, 2018, from $13.69 per Boe for the six months ended June 30, 2017, including the successor and predecessor periods. The increase in oil production to 80% of total production from 56% as a result of the Hugoton Disposition (natural gas production) and Hill Acquisition (oil production) adversely impacted costs per Boe in 2018 compared to 2017.

Electricity generation expenses were comparable for the six months ended June 30, 2018 and the six months ended June 30, 2017, including the successor and predecessor periods.

Transportation expenses decreased by approximately $14 million or 72% for the six months ended June 30, 2018 compared to the six months ended June 30, 2017, including successor and predecessor periods, primarily due to the Hugoton disposition of gas properties, which required significant transportation expense because gas transportation is generally borne by the seller and oil transportation costs are borne by the buyer.

Marketing expenses decreased $0.7 million or 40% for the six months ended June 30, 2018 compared to the six months ended June 30, 2017, including successor and predecessor periods, primarily due to the decrease in natural gas prices.

General and administrative expenses decreased by approximately $15 million for the six months ended June 30, 2018 compared to the six months ended June 30, 2017, including successor and predecessor periods, in terms of absolute dollars, primarily due to the reduced spending on non-recurring restructuring and other costs, slightly offset by increased headcount-related costs. This activity was consistent with our post-emergence efforts to build out our corporate structure while reducing restructuring costs. This also resulted in a decrease in general and administrative expenses per Boe to $5.14 in 2018 from $6.25 in 2017 For the six months ended June 30, 2018 and 2017, general and administrative expenses included non-recurring restructuring and other costs of approximately $4 million and $24 million, respectively, and non-cash stock compensation costs of approximately $2.3 million and none, respectively.

Depreciation, depletion and amortization decreased by approximately $15 million, or 28% for the six months ended June 30, 2018 compared to the six months ended June 30, 2017, including successor and predecessor periods, primarily due to the increase in oil and gas reserves in 2018, which resulted in lower DD&A rates and the fair market revaluation of our assets in fresh start accounting which resulted in a lower depreciable asset base in the periods following our emergence from bankruptcy.

Taxes, Other Than Income Taxes

	Berry Corp. (Successor)		Berry LLC (Predecessor)	
	Six Months Ended June 30, 2018	Four Months Ended June 30, 2017	Two Months Ended February 28, 2017	Variance
	(a)	(b)	(c)	(a)-((b)+(c))
(in thousands)				
Severance taxes	$ 5,761	$ 3,611	$ 1,540	$ 610
Ad valorem and property taxes	6,558	5,572	2,108	(1,122)
Greenhouse gas allowances	4,653	4,146	1,564	(1,057)
	$ 16,972	$ 13,329	$ 5,212	$ (1,569)

Taxes, other than income taxes decreased by approximately $1.5 million or 15% for the six months ended June 30, 2018 compared to the six months ended June 30, 2017, including the successor and predecessor periods, due to (i) an increase in gross sales revenue which is the basis for severance taxes (ii) lower ad valorem and property taxes due to reduced tax assessments in 2018 and (iii) lower prices for greenhouse gas emission credits, partially offset by an increase in emissions in 2018.

Other income and (expenses)

	Berry Corp. (Successor)		Berry LLC (Predecessor)	
	Six Months Ended June 30, 2018	Four Months Ended June 30, 2017	Two Months Ended February 28, 2017	Variance
	(a)	(b)	(c)	(a)-((b)+(c))
(in thousands)				
Interest expense, net of amounts capitalized	$ (16,951)	$ (6,600)	$ (8,245)	$ (2,106)
Other, net	(212)	2,916	(63)	(3,065)
	$ (17,163)	$ (3,684)	$ (8,308)	$ (5,171)

Interest expense increased by $2 million or 14% for the six months ended June 30, 2018, compared to the six months ended June 30, 2017, including successor and predecessor periods, due to the additional 7% interest expense on the 2026 Notes which were issued in February 2018, partially offset by lower interest on the RBL Facility due to the decrease in borrowings from $385 million at June 30, 2017 to $66 million at June 30, 2018. Other, net for the four months ended June 30, 2017 primarily represents the refund of an overpayment on taxes from a prior year.

The following table summarizes the components of reorganization items included in the statement of operations:

(in thousands)	Berry Corp. (Successor) Six Months Ended June 30, 2018	Berry Corp. (Successor) Four Months Ended June 30, 2017	Berry LLC (Predecessor) Two Months Ended February 28, 2017	Variance
	(a)	(b)	(c)	(a)-((b)+(c))
Return of Undistributed Funds from Cash Distribution Pool	$ 9,000	$ —	$ —	$ 9,000
Legal and other professional advisory fees	(1,223)	112	(19,481)	18,146
Gain on resolution of pre-emergence suspended royalties	—	—	421,774	(421,774)
Fresh-start valuation adjustments	—	—	(920,699)	920,699
Gain on resolution of pre-emergence liabilities	1,634	—	—	1,634
Other	—	(705)	10,686	(9,981)
	$ 9,411	$ (593)	$ (507,720)	$ 517,724

Reorganization items, net reflected a gain of approximately $9 million for the six months ended June 30, 2018, compared to an expense of approximately $507 million for the six months ended June 30, 2017, including successor and predecessor periods. The gain for the six months ended 2018 was primarily due to a return of $9 million from the funds reserved for the claims of the general unsecured creditors and the resolution of pre-emergence liabilities in the amount of $1.6 million offset by legal and professional fees of $1.2 million.

The loss for the two months ended February 28, 2017 was primarily due to the application of fresh-start accounting in conjunction with our emergence from bankruptcy, partially offset by the gain on settlement of liabilities subject to compromise. Reorganization items represent costs and income directly associated with the Chapter 11 Proceedings and also include adjustments to reflect the carrying value of certain liabilities subject to compromise at their estimated allowed claim amounts, as such adjustments are determined.

Income tax benefit was $4.5 million for the six months ended June 30, 2018, compared to an income tax expense of approximately $15.7 million for the six months ended June 30, 2017, including the successor and predecessor periods, due to recording pre-tax income in 2018 compared to a pre-tax loss in 2017. The decrease in the effective tax rates from 40% in 2017 to 17% in 2018 was primarily a result of the new tax laws for 2018.

For federal and state income tax purposes (with the exception of the State of Texas), the predecessor company was a limited liability company in which income tax liabilities and/or benefits were passed through to the Predecessor's unitholders. The Predecessor did not directly pay federal and state income taxes and recognition was not given to federal and state income taxes for the operations of the predecessor company resulting in an effective tax rate of zero for the two months ended February 28, 2017. The successor company was formed as a C Corporation.

Liquidity and Capital Resources

Currently, we expect our primary sources of liquidity and capital resources will be internally generated free cash flow from operations after debt service, or levered free cash flow, and as needed, borrowings under the RBL Facility. Depending upon market conditions and other factors, we have issued and may issue additional equity and debt securities; however, we expect our operations to continue to generate sufficient levered free cash flow at current commodity prices to fund maintenance operations and organic growth. We believe our liquidity and capital resources will be sufficient to conduct our business and operations for the next 12 months.

In February 2018, we issued our 2026 Notes, which resulted in net proceeds to us of approximately $391 million after deducting expenses and the initial purchasers’ discount. We used the net proceeds to repay borrowings under the RBL Facility and used the remainder for general corporate purposes.

In March 2018, our board of directors approved a cumulative paid-in-kind dividend on the Series A Preferred Stock for the periods through December 31, 2017. The cumulative dividend was 0.050907 per share and approximately 1,825,000 shares in total. Also in March 2018, the board approved a $0.158 per share, or approximately $5.6 million, cash dividend on the Series A Preferred Stock for the quarter ended March 31, 2018. In both cases, the payments were to stockholders of record as of March 15, 2018. In May 2018, the board of directors approved a $0.15 per share, or approximately $5.6 million cash dividend, on the Series A Preferred Stock for the quarter ended June 30, 2018. The payment was made to stockholders of record as of June 7, 2018.

In July, we completed our IPO and as a result, on July 26, 2018, our common stock began trading on the NASDAQ Global Select Market under the ticker symbol BRY. The Company sold 10,497,849 shares and the selling stockholders sold 2,545,630 shares at a price of $14.00 per share. We used a portion of our proceeds to repurchase 1,802,196 shares of our common stock owned by Benefit Street Partners and Oaktree Capital Management. After giving effect to the IPO and the share repurchase, the number of shares of our common stock outstanding increased by 8,695,653. We and the selling stockholders have granted the underwriters the option to purchase up to an additional 1,534,895 shares and 421,626 shares of common stock, respectively, on the same terms and conditions set forth above.

In connection with the IPO, each of the 37.7 million shares of our Series A Preferred Stock was automatically converted into 1.05 shares of our common stock or 39.6 million shares in aggregate and the right to receive a cash payment of $1.75. The cash payment was reduced in respect of any cash dividend paid by the Company on such share of Series A Preferred Stock for any period commencing on or after April 1, 2018. Because we paid the second quarter preferred dividend of $0.15 per share in June, the cash payment for the conversion was reduced to $1.60 per share, or approximately $60 million.

The Company received approximately $136 million in net proceeds from the offering after deducting underwriting discounts and offering expenses payable by us. We did not receive any proceeds from the sale by the selling stockholders. We used approximately $24 million of the net proceeds to purchase shares of our common stock (at a price equal to the price paid by the underwriters for shares of common stock in the offering) from funds affiliated with Benefit Street Partners and Oaktree Capital Management.

Of the remaining approximately $112 million of net proceeds received by us in the IPO, we used approximately $105 million to repay borrowings under our RBL Facility. This included the $60 million we borrowed on the RBL Facility to make the payment to the holders of our Series A Preferred Stock in connection with the conversion of preferred stock to common stock. We used the remainder for general corporate purposes. On August 20, 2018, we had approximately $388 million of available borrowing capacity under the RBL Facility and approximately $36 million of cash on hand.

On August 21, 2018, our board of directors approved a $0.12 per share quarterly cash dividend on our common stock on a pro-rata basis from the date of our IPO through September 30, 2018 which will result in a payment of $0.09 per share.

The RBL Facility contains certain financial covenants, including the maintenance of (i) a Leverage Ratio (as defined in the RBL Facility) not to exceed 4.00:1.00 and (ii) a Current Ratio (as defined in the RBL Facility) not to be less than 1.00:1.00. As of June 30, 2018, our Leverage Ratio and Current Ratio were 2.63:1.00 and 3.18:1.00, respectively. As of June 30, 2018 our borrowing base was approximately $400 million and we had $327 million available for borrowing under the RBL Facility. At June 30, 2018, we were in compliance with the financial covenants under the RBL Facility. In connection with the issuance of the 2026 Notes, the RBL Facility borrowing base was set at $400 million, which incorporated a $100 million reduction, or 25%, of the face value of the 2026 Notes. In March 2018, we completed a borrowing base redetermination that reaffirmed our borrowing base at $400 million with an elected commitment feature that allows us to increase the borrowing base to $575 million with lender approval. Borrowing base redeterminations become effective on, or about, each May 1 and November 1, although each of us and the administrative agent may make one interim redetermination between scheduled redeterminations.

Historically, the Predecessor utilized funds from debt offerings, borrowings under its credit facility and net cash provided by operating activities, as well as funding from our former parent, for capital resources and liquidity, and the primary use of capital was for the development of oil and natural gas properties.

We have protected a significant portion of our anticipated cash flows through our commodity hedging program, including through fixed-price derivative contracts. As of June 30, 2018, we have hedged crude oil production of approximately 2.1 MMBbls for 2018, 3.7 MMBbls for 2019 and 0.5 MMBbls for 2020.

Future cash flows are subject to a number of variables discussed in "Risk Factors". Further, our capital investment budget for the year ended December 31, 2018, does not allocate any amounts for acquisitions of oil and natural gas properties. If we make acquisitions, we would be required to reduce the expected level of capital investments or seek additional capital. If we require additional capital we may seek such capital through borrowings under the RBL Facility, joint venture partnerships, production payment financings, asset sales, additional offerings of debt or equity securities or other means. We cannot be sure that needed

capital would be available on acceptable terms or at all. If we are unable to obtain funds on acceptable terms, we may be required to curtail our current development programs, which could result significant declines in our production.

See "-Capital Expenditures and Capital Budget" for a description of our 2018 capital expenditure budget.

Statements of Cash Flows

The following is a comparative cash flow summary:

	Berry Corp. (Successor)		Berry LLC (Predecessor)
	Six Months Ended June 30, 2018	Four Months Ended June 30, 2017	Two Months Ended February 28, 2017
(in thousands)			
Net cash:			
Provided by (used in) operating activities	$ (49,548)	$ 44,937	$ 22,431
Used in investing activities	(42,347)	(72,328)	(3,133)
Provided by (used in) financing activities	46,467	(15,000)	(162,668)
Net decrease in cash, cash equivalents and restricted cash	$ (45,428)	$ (42,391)	$ (143,370)

Operating Activities

Cash used in operating activities was approximately $50 million for the six months ended June 30, 2018 compared to cash provided by operating activities of approximately $67 million for the six months ended June 30, 2017, including the successor and predecessor periods. The amounts used in 2018 included $127 million for early-terminated hedges which offset $77 million of cash provided by other operating activities. Aside from the impact of these early hedge terminations, the decrease in cash used in operating activities in the first six months of 2018 compared to 2017 reflected higher sales and lower costs, slightly offset by negative working capital effects.

Investing Activities

The following provides a comparative summary of cash flow from investing activities:

	Berry Corp. (Successor)		Berry LLC (Predecessor)
(in thousands)	Six Months Ended June 30, 2018	Four Months Ended June 30, 2017	Two Months Ended February 28, 2017
Capital expenditures (1)	$ (45,369)	$ (32,878)	$ (3,158)
Proceeds from sale of properties and equipment and other	3,022	—	25
Deposit on acquisition of properties	—	(39,450)	—
Cash used in investing activities:	$ (42,347)	$ (72,328)	$ (3,133)

(1) *based on actual cash payments rather than accruals.*

Cash used in investing activities was approximately $42 million for the six months ended June 30, 2018. The decrease in cash used for investing activities for the six months ended June 30, 2018 when compared to the same period in 2017 including the successor and predecessor periods, was primarily due to the deposit made for the acquisition of the Hill property in 2017 offset by increased capital spending in the six months ended June 30, 2018.

Financing Activities

Cash provided by financing activities was approximately $46 million for the six months ended June 30, 2018 and was due to receiving $391 million net proceeds from the issuance of our 2026 Notes offset by payments on our RBL Facility, additional net

borrowings of $313 million, the repurchase of a right to our shares of $20 million, which is reflected as treasury stock, cash dividends declared on our Series A Preferred Stock in the aggregate amount of $11 million and $9 million of debt issuance costs. For the six months ended June 30, 2017, including the successor and predecessor periods, net cash used in financing activities related to payments on our previous credit facilities of approximately $513 million offset by the receipt of proceeds from the issuance of our Series A Preferred Stock of $335 million.

Debt

2026 Notes Offering

In February 2018, we issued $400 million in aggregate principal amount of our 2026 Notes, which resulted in net proceeds to us of approximately $391 million after deducting expenses and the initial purchasers' discount. We used the net proceeds from the issuance to repay the $379 million outstanding balance on the RBL Facility and used the remainder for general corporate purposes.

We may, at our option, redeem all or a portion of the 2026 Notes at any time on or after February 15, 2021. We are also entitled to redeem up to 35% of the aggregate principal amount of the 2026 Notes before February 15, 2021, with an amount of cash not greater than the net proceeds that we raise in certain equity offerings at a redemption price equal to 107% of the principal amount of the 2026 Notes being redeemed, plus accrued and unpaid interest, if any. In addition, prior to February 15, 2021, we may redeem some or all of the 2026 Notes at a price equal to 100% of the principal amount thereof, plus a "make-whole" premium, plus any accrued and unpaid interest. If we experience certain kinds of changes of control, holders of the 2026 Notes may have the right to require us to repurchase their notes at 101% of the principal amount of the 2026 Notes, plus accrued and unpaid interest, if any.

The 2026 Notes are our senior unsecured obligations and rank equally in right of payment with all of our other senior indebtedness and senior to any of our subordinated indebtedness. The notes are fully and unconditionally guaranteed on a senior unsecured basis by us and will also be guaranteed by certain of our future subsidiaries (other than Berry LLC). The 2026 Notes and related guarantees are effectively subordinated to all of our secured indebtedness (including all borrowings and other obligations under the RBL Facility) to the extent of the value of the collateral securing such indebtedness, and structurally subordinated in right of payment to all existing and future indebtedness and other liabilities (including trade payables) of any future subsidiaries that do not guarantee the 2026 Notes.

The indenture governing the 2026 Notes contains restrictive covenants that may limit our ability to, among other things:

- incur or guarantee additional indebtedness or issue certain types of preferred stock;
- pay dividends on capital stock or redeem, repurchase or retire our capital stock or subordinated indebtedness
- transfer, sell or dispose of assets;
- make investments;
- create certain liens securing indebtedness;
- enter into agreements that restrict dividends or other payments from our restricted subsidiaries to us;
- consolidate, merge or transfer all or substantially all of our assets; and
- engage in transactions with affiliates.

The indenture governing the 2026 Notes contains customary events of default, including, among others, (a) non-payment; (b) non-compliance with covenants (in some cases, subject to grace periods); (c) payment default under, or acceleration events affecting, material indebtedness and (d) bankruptcy or insolvency events involving us or certain of our subsidiaries.

The RBL Facility

On July 31, 2017, Berry LLC, as borrower, entered into the RBL Facility. The RBL Facility provides for a revolving loan with up to $1.5 billion of commitments, subject to a reserve borrowing base, and provided an initial commitment of $500 million. The RBL Facility also provides a letter of credit subfacility for the issuance of letters of credit in an aggregate amount not to exceed $25 million. Issuances of letters of credit reduce the borrowing availability for revolving loans under the RBL Facility on a dollar for dollar basis. Borrowing base redeterminations become effective on or about each May 1 and November 1, although each of us and the administrative agent may make one interim redetermination between scheduled redeterminations. In connection with the issuance of the 2026 Notes, the RBL Facility borrowing base was set at $400 million, which incorporated a $100 million reduction, or 25%, of the face value of the 2026 Notes. In March 2018, we completed a borrowing base redetermination that reaffirmed our borrowing base at $400 million with an elected commitment feature that allows us to increase the borrowing base to $575 million with lender approval. As of June 30, 2018, we had $66 million in borrowings and

approximately $7 million in letters of credit outstanding and borrowing availability of $327 million under the RBL Facility. The RBL Facility matures on July 29, 2022, unless terminated earlier in accordance with the RBL Facility terms.

The outstanding borrowings under the revolving loan bear interest at a rate equal to either (i) a customary London interbank offered rate plus an applicable margin ranging from 2.50% to 3.50% per annum, and (ii) a customary base rate plus an applicable margin ranging from 1.50% to 2.50% per annum, in each case depending on levels of borrowing base utilization. In addition, we must pay the lenders a quarterly commitment fee of 0.50% on the average daily unused amount of the borrowing availability under the RBL Facility. We have the right to prepay any borrowings under the RBL Facility with prior notice at any time without a prepayment penalty, other than customary “breakage” costs with respect to eurodollar loans.

Berry Corp. guarantees, and each future subsidiary of Berry Corp. (other than Berry LLC), with certain exceptions, is required to guarantee, our obligations and obligations of the other guarantors under the RBL Facility and under certain hedging transactions and banking services arrangements (the “Guaranteed Obligations”). In addition, pursuant to a Guaranty Agreement dated as of July 31, 2017 (the “Guaranty Agreement”), Berry LLC guarantees the Guaranteed Obligations. The lenders under the RBL Facility hold a mortgage on at least 85% of the present value of our proven oil and gas reserves. The obligations of Berry LLC and the guarantors are also secured by liens on substantially all of our personal property, subject to customary exceptions. The RBL Facility, with certain exceptions, also requires that any future subsidiaries of Berry LLC will also have to grant mortgages, security interests and equity pledges.

The RBL Facility requires us to maintain on a consolidated basis as of September 30, 2017 and each quarter-end thereafter (i) a Leverage Ratio of no more than 4.00 to 1.00 and (ii) a Current Ratio of at least 1.00 to 1.00. The RBL Facility also contains customary restrictions that may limit our ability to, among other things:

- incur or guarantee additional indebtedness;
- transfer, sell or dispose of assets;
- make loans to others;
- make investments;
- merge with another entity;
- make or declare dividends;
- hedge future production or interest rates;
- enter into transactions with affiliates;
- incur liens; and
- engage in certain other transactions without the prior consent of the lenders.

The RBL Facility contains customary events of default and remedies for credit facilities of a similar nature. If we do not comply with the financial and other covenants in the RBL Facility, the lenders may, subject to customary cure rights, require immediate payment of all amounts outstanding under the RBL Facility and exercise all of their other rights and remedies, including foreclosure on all of the collateral.

Lawsuits, Claims, Commitments, Contingencies and Contractual Obligations

In the normal course of business, we, or our subsidiary, are subject to lawsuits, environmental and other claims and other contingencies that seek, or may seek, among other things, compensation for alleged personal injury, breach of contract, property damage or other losses, punitive damages, civil penalties, or injunctive or declaratory relief.

On May 11, 2016 our predecessor entity filed the Chapter 11 Proceeding. Our bankruptcy case was jointly administered with that of Linn Energy and its affiliates under the caption In re Linn Energy, LLC, et. al., Case No. 16-60040. On January 27, 2017, the Bankruptcy Court approved and confirmed our plan of reorganization in the Chapter 11 Proceeding. On the Effective Date the plan became effective and was implemented. The Chapter 11 Proceeding will, however, remain pending until final resolution of all outstanding claims.

We accrue reserves for currently outstanding lawsuits, claims and proceedings when it is probable that a liability has been incurred and the liability can be reasonably estimated. We have not recorded any reserve balances at June 30, 2018 and December 31, 2017. We also evaluate the amount of reasonably possible losses that we could incur as a result of these matters. We believe that reasonably possible losses that we could incur in excess of reserves accrued on our balance sheet would not be material to our consolidated financial position or results of operations. We also evaluate the amount of reasonably possible losses that we could incur as a result of these matters. We believe that reasonably possible losses that we could incur in excess of reserves accrued on our balance sheet would not be material to our consolidated financial position or results of operations.

For information related to Berry LLC's emergence from bankruptcy and the terms of the RBL Facility, see "—Chapter 11 Bankruptcy and Our Emergence" and "Description of Other Indebtedness—The RBL Facility."

We, or our subsidiary, or both, have indemnified various parties against specific liabilities those parties might incur in the future in connection with transactions that they have entered into with us. As of June 30, 2018, we are not aware of material indemnity claims pending or threatened against us.

Counterparty Credit Risk

We account for our commodity derivatives at fair value. We had three commodity derivative counterparties at June 30, 2018 and five at December 31, 2017. We did not receive collateral from any of our counterparties. We minimize the credit risk of our derivative instruments by limiting our exposure to any single counterparty. In addition, the RBL Facility prevents us from entering into hedging arrangements that are secured except with our lenders and their affiliates, that have margin call requirements, that otherwise require us to provide collateral or with a non-lender counterparty that does not have an A- or A3 credit rating or better from Standard & Poor's or Moody's, respectively. In accordance with our standard practice, our commodity derivatives are subject to counterparty netting under agreements governing such derivatives and therefore the risk of loss due to counterparty nonperformance is somewhat mitigated.

Off-Balance Sheet Arrangements

During the six months ended June 30, 2018, there were no significant changes in our consolidated contractual obligations from those reported in the prospectus.

Recently Adopted Accounting and Disclosure Changes

See Note 1, Accounting and Disclosure Changes, in the Notes to Consolidated Condensed Financial Statements in Part I, Item 1 of this Form 10-Q.

Safe Harbor Statement Regarding Outlook and Forward-Looking Information

The information in this document includes forward-looking statements that involve risks and uncertainties that could materially affect our expected results of operations, liquidity, cash flows and business prospects. Such statements specifically include our expectations as to our future financial position, liquidity, cash flows, results of operations and business strategy, potential acquisition opportunities, other plans and objectives for operations, maintenance capital requirements, expected production and costs, reserves, hedging activities, capital investments and other guidance. Actual results may differ from anticipated results, sometimes materially, and reported results should not be considered an indication of future performance. You can typically identify forward-looking statements by words such as aim, anticipate, achievable, believe, budget, continue, could, effort, estimate, expect, forecast, goal, guidance, intend, likely, may, might, objective, outlook, plan, potential, predict, project, seek, should, target, will or would and other similar words that reflect the prospective nature of events or outcomes. For any such forward-looking statement that includes a statement of the assumptions or bases underlying such forward-looking statement, we caution that, while we believe such assumptions or bases to be reasonable and make them in good faith, assumed facts or bases almost always vary from actual results, sometimes materially. Material risks that may affect our results of operations and financial position appear in Risk Factors in the prospectus.

Factors (but not necessarily all the factors) that could cause results to differ include among others:

- volatility of oil, natural gas and NGL prices;
- inability to generate sufficient cash flow from operations or to obtain adequate financing to fund capital expenditures and meet working capital requirements;
- price and availability of natural gas;
- our ability to use derivative instruments to manage commodity price risk;
- impact of environmental, health and safety, and other governmental regulations, and of current or pending legislation;
- uncertainties associated with estimating proved reserves and related future cash flows;
- our inability to replace our reserves through exploration and development activities;
- our ability to meet our proposed drilling schedule and to successfully drill wells that produce oil and natural gas in commercially viable quantities;
- effects of competition;

- our ability to make acquisitions and successfully integrate any acquired businesses;
- market fluctuations in electricity prices and the cost of steam;
- asset impairments from commodity price declines;
- large or multiple customer defaults on contractual obligations, including defaults resulting from actual or potential insolvencies;
- geographical concentration of our operations;
- our ability to improve our financial results and profitability following our emergence from bankruptcy and other risks and uncertainties related to our emergence from bankruptcy;
- changes in tax laws;
- impact of derivatives legislation affecting our ability to hedge;
- ineffectiveness of internal controls;
- concerns about climate change and other air quality issues;
- catastrophic events;
- litigation;
- our ability to retain key members of our senior management and key technical employees;
- information technology failures or cyber attacks:

We undertake no responsibility to publicly release the result of any revision of our forward-looking statements after the date they are made.

All forward-looking statements, expressed or implied, included in this report are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

For the three months ended June 30, 2018, there were no material changes in the information required to be provided under Item 305 of Regulation S-K included under the caption *Management's Discussion and Analysis of Financial Condition and Results of Operations (Incorporating Item 7A)- Quantitative and Qualitative Disclosures About Market Risk,* in the prospectus.

Price Risk

Our most significant market risk relates to prices for oil, natural gas, and NGLs. Management expects energy prices to remain unpredictable and potentially volatile. As energy prices decline or rise significantly, revenues and cash flows are likewise affected. In addition, a non-cash write-down of our oil and gas properties may be required if commodity prices experience a significant decline.

At June 30, 2018, the fair value of our hedge positions was a net liability of approximately $15 million, as determined from prices provided by external sources that are not actively quoted. A 10% increase in the oil and natural gas index prices above the June 30, 2018 prices would result in a net liability of approximately $57 million, which represents a decrease in the fair value of approximately $42 million; conversely, a 10% decrease in the oil and natural gas index prices below the June 30, 2018 prices would result in a net liability of approximately $4 million, which represents an increase in the fair value of approximately $11 million. For additional information about derivative activity, see Note 4.

Counterparty Credit Risk

We had three commodity derivative counterparties at June 30, 2018, which were all liability positions. We did not receive collateral from any of our counterparties. We minimize the credit risk of our derivative instruments by limiting our exposure to any single counterparty. In addition, the RBL Facility prevents us from entering into hedging arrangements that are secured except with our lenders and their affiliates, that have margin call requirements, that otherwise require us to provide collateral or with a non-lender counterparty that does not have an A- or A3 credit rating or better from Standard & Poor’s or Moody’s, respectively. In accordance with our standard practice, our commodity derivatives are subject to counterparty netting under agreements governing such derivatives and therefore the risk of loss due to counterparty nonperformance is somewhat mitigated.

Interest Rate Risk

Our RBL Facility has a variable interest rate on outstanding balances. As of June 30, 2018, there were $66 million outstanding borrowings under our RBL Facility which incurred interest at floating rates. See Note 3 for additional information regarding interest rates on outstanding debt. As of June 30, 2018, a 1% increase in the respective market rate would result in an estimated $0.7 million increase in annual interest expense. The 2026 Notes have a fixed interest rate and thus we are not exposed to interest rate risk on these.

Item 4. Controls and Procedures

Our President and Chief Executive Officer and our Executive Vice President and Chief Financial Officer supervised and participated in our evaluation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of the end of the period covered by this report. Based upon that evaluation, our President and Chief Executive Officer and our Executive Vice President and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of June 30, 2018.

Part II – Other Information

Item 1. Legal Proceedings

For information regarding legal proceedings, see Note 5 to the consolidated financial statements in Part I of this Form 10-Q and Note 7 to our consolidated financial statements for the year ended December 31, 2017 included in the prospectus.

Item 1A. Risk Factors

We are subject to various risks and uncertainties in the course of our business. A discussion of such risks and uncertainties may be found under the heading Risk Factors in the prospectus.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the quarter ended June 30, 2018, we issued 190,260 RSUs and 117,088 PRSUs to certain of our employees and directors in connection with services provided to us by such persons. As of August 21, 2018, 681,092 RSUs and 749,833 PRSUs remain outstanding. We also granted 1,566 shares of restricted stock to employees in connection with services provided to us by such persons.

The offers, sales and issuances of the securities described in the preceding paragraph were deemed to be exempt from registration either under Rule 701 promulgated under the Securities Act in that the transactions were under compensatory benefit plans and contracts relating to compensation, or under Section 4(a)(2) of the Securities Act in that the transactions were between an issuer and members of its senior executive management and did not involve any public offering within the meaning of Section 4(a)(2).

Use of Proceeds

On July 30, 2018, we completed our IPO of common stock pursuant to our registration statement on Form S-1 (File 333-226011), as amended and declared effective by the SEC on July 25, 2018. Goldman Sachs & Co. LLC, Wells Fargo Securities, LLC and BMO Capital Markets Corp. served as representatives of the several underwriters for the IPO. The offering did not terminate before all of the shares in the IPO that were registered in the registration statement were sold. Upon completion of the IPO, we and the selling stockholders sold 13,043,479 shares at a price to the public of $14.00 per share, raising approximately $183 million of gross proceeds, with gross proceeds to Berry of approximately $147 million and gross proceeds to the selling stockholders of approximately $36 million. Of the 13,043,479 shares sold to the public, 10,497,849 shares were issued and sold by us, and 2,545,630 shares were sold by the selling stockholders named in the prospectus. We incurred expenses in connection with the IPO of approximately $2.6 million as of July 30, 2018. After subtracting underwriting discounts and commissions of approximately $8.8 million and offering expenses, Berry received net proceeds of approximately $136 million. None of the expenses associated with our IPO were paid to directors, officers or persons owning ten percent or

more of our common stock or to their associates, or to our affiliates. We did not receive any proceeds from the sale of the shares by the selling stockholders. We and the selling stockholders granted the underwriters a 30-day option to purchase up to an additional 1,534,895 shares and 421,626 shares, respectively, of common stock at the IPO price, less underwriting discounts and commissions. We intend to use a portion of the proceeds we receive from any sale of any such option shares to purchase up to an additional 230,548 shares of common stock owned by Benefit Street.

We used approximately $24 million of the net proceeds from the IPO to purchase shares of our common stock (at a price equal to the price paid by the underwriters for shares of common stock in the IPO) from funds affiliated with Benefit Street Partners and Oaktree Capital Management, each of which owned more than ten percent of our common stock prior to the IPO and repurchase. Of the remaining approximately $112 million of net proceeds received by us in the IPO, we used approximately $105 million to repay borrowings under our RBL Facility. This included the amounts we borrowed on the RBL Facility to make the payment to the holders of our Series A Preferred Stock in connection with the conversion of the Series A Preferred Stock to common stock. We used the remainder for working capital.

Item 5. Other Disclosures

Amended and Restated Employment Agreements with Arthur T. Smith, Cary D. Baetz and Gary A. Grove

On August 22, 2018, Berry LLC, a wholly-owned subsidiary of the Company, entered into amended and restated employment agreements with its Chief Executive Officer, Arthur T. “Trem” Smith (the “Smith Agreement”), its Chief Financial Officer, Cary D. Baetz (the “Baetz Agreement”) and its Chief Operating Officer, Gary A. Grove (the “Grove Agreement” and, together with the Smith Agreement and the Baetz Agreement, the “Amended Agreements”), in each case, to replace the executive’s previous employment agreement with the Company (each, a “Prior Agreement”). The Amended Agreements became effective as of August 22, 2018.

Each Amended Agreement modifies certain terms of the corresponding Prior Agreement, including the following:

- Each executive is eligible to receive an annual equity award, as determined by the board of directors of the Company or a committee thereof.
- Upon a termination of each executive’s employment under certain circumstances, the executive is eligible to receive (a) any earned but unpaid annual bonus for the year prior to the year of termination, (b) a prorated annual bonus for the year of termination and (c) severance in an amount equal to 18 months’ worth, for Mr. Smith, and 12 months’ worth, for Messrs. Baetz and Grove (or, following a Qualifying Termination (as defined in the applicable Amended Agreement), 24 months’ worth for Mr. Smith and 18 months’ worth for Messrs. Baetz and Grove) of the sum of the applicable executive’s base salary and target annual bonus, and reimbursement of up to an equivalent number of months’ worth of health insurance premiums.
- Modifies the definition of Good Reason in certain respects.
- With respect to the Smith Agreement, Mr. Smith is eligible to receive an annual bonus in a target amount equal to 100% of his then-current base salary.

All other material terms contained in the Prior Agreements remain substantially unchanged in the Amended Agreements. Copies of the Smith Agreement, Baetz Agreement and Grove Agreement are attached hereto as Exhibits 10.14, 10.15 and 10.16, respectively, and are incorporated herein by reference. The description of the material changes to the Prior Agreements contained herein is qualified in its entirety by reference to the full text of the Amended Agreements.

Item 6. Exhibits

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of Berry Petroleum Corporation (incorporated by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-1 (File No. 333-226011)
3.2	Certificate of Amendment of Certificate of Incorporation (incorporated by reference to Exhibit 3.2 of Form 8-K filed July 30, 2018)
3.3	Certificate of Designation of Series A Convertible Preferred Stock of Berry Petroleum Corporation (incorporated by reference to Exhibit 3.4 to the Company's Registration Statement on Form S-1 (File No. 333-226011)
3.4	Certificate of Amendment to Certificate of Designation (incorporated by reference to Exhibit 3.1 of Form 8-K filed July 30, 2018)
3.5	Second Amended and Restated Bylaws of Berry Petroleum Corporation (incorporated by reference to Exhibit 3.3 of Form 8-K filed July 30, 2018)
10.1	Amended and Restated Stockholders Agreement between Berry Petroleum Corporation and certain holders party thereto (incorporated by reference to Exhibit 10.1 of Form 8-K filed July 30, 2018)
10.2	Amended and Restated Registration Rights Agreement, dated June 28, 2018, among Berry Petroleum Corporation and the holder party thereto (incorporated by reference to Exhibit 10.4 of S-1 Registration Statement No. 333-226011)
10.3	Executive Employment Agreement, dated June 28, 2017 between Berry Petroleum Company, LLC and Cary D. Baetz (incorporated by reference to Exhibit 10.6 to the Company's Registration Statement on Form S-1 (File No. 333-226011)
10.4	Executive Employment Agreement, dated June 28, 2017 between Berry Petroleum Company, LLC and Gary A. Grove (incorporated by reference to Exhibit 10.7 to the Company's Registration Statement on Form S-1 (File No. 333-226011)
10.5	Second Amended and Restated Berry Petroleum Corporation 2017 Omnibus Incentive Plan, dated June 27, 2018 (incorporated by reference to Exhibit 4.3 of S-8 Registration Statement (File No. 333-226582)
10.6	Berry Petroleum Corporation Form of Restricted Stock Unit Award Agreement for Employees other than Executive Vice Presidents (incorporated by reference to Exhibit 10.9 to the Company's Registration Statement on Form S-1 (File No. 333-226011)
10.7	Berry Petroleum Corporation Form of Restricted Stock Unit Award Agreement for Executive Vice Presidents (incorporated by reference to Exhibit 10.10 to the Company's Registration Statement on Form S-1 (File No. 333-226011)
10.8	Berry Petroleum Corporation Form of Director Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.11 to the Company's Registration Statement on Form S-1 (File No. 333-226011)
10.9	Berry Petroleum Corporation Form of Performance-Based Restricted Stock Unit Award Agreement for Employees other than Executive Vice Presidents (incorporated by reference to Exhibit 10.12 to the Company's Registration Statement on Form S-1 (File No. 333-226011)
10.10	Berry Petroleum Corporation Form of Performance-Based Restricted Stock Unit Award Agreement for Executive Vice Presidents (incorporated by reference to Exhibit 10.13 to the Company's Registration Statement on Form S-1 (File No. 333-226011)
10.11	Second Amended and Restated Berry Petroleum Corporation 2017 Omnibus Incentive Plan, dated June 27, 2018 (incorporated by reference to Exhibit 10.12 to the Company's Registration Statement on Form S-1 (File No. 333-226011)
10.12	Stock Purchase Agreement by and between Berry Petroleum Corporation, Oaktree Value Opportunities Fund Holdings, L.P. and Oaktree Opportunities X Fund Holdings (Delaware), L.P. dated July 17, 2018 (incorporated by reference to Exhibit 10.2 of Form 8-K filed July 30, 2018)
10.13	Stock Purchase Agreement by and between Berry Petroleum Corporation and certain funds affiliated with Benefit Street Partners named in Schedule I thereto, dated July 17, 2018 (incorporated by reference to Exhibit 10.3 of Form 8-K filed July 30, 2018)
10.14*	Amended and Restated Employment Agreement, Arthur T. Smith
10.15*	Amended and Restated Employment Agreement, Cary D. Baetz

10.16*	Amended and Restated Employment Agreement, Gary A. Grove
31.1*	Section 302 Certification of Chief Executive Officer
31.2*	Section 302 Certification of Chief Financial Officer
32.1**	Section 906 Certification of Chief Executive Officer and Chief Financial Officer

* Filed herewith.

** Furnished herewith.

GLOSSARY OF OIL AND NATURAL GAS TERMS

The following are abbreviations and definitions of certain terms that may be used in this report, which are commonly used in the oil and natural gas industry:

"*API*" gravity means the relative density, expressed in degrees, of petroleum liquids based on a specific gravity scale developed by the American Petroleum Institute.

"*basin*" means a large area with a relatively thick accumulation of sedimentary rocks.

"*Bbl*" means one stock tank barrel, or 42 U.S. gallons liquid volume, used in reference to oil or other liquid hydrocarbons.

"*Bcf*" means one billion cubic feet, which is a unit of measurement of volume for natural gas.

"*Boe*" means barrel of oil equivalent, determined using the ratio of one Bbl of oil, condensate or natural gas liquids to six Mcf of natural gas.

"*Boe/d*" means Boe per day.

"*Brent*" means the reference price paid in U.S. dollars for a barrel of light sweet crude oil produced from the Brent field in the UK sector of the North Sea.

"*Btu*" means one British thermal unit-a measure of the amount of energy required to raise the temperature of a one-pound mass of water one degree Fahrenheit at sea level.

"*Completion*" means the installation of permanent equipment for the production of oil or natural gas.

"*Condensate*" means a mixture of hydrocarbons that exists in the gaseous phase at original reservoir temperature and pressure, but that, when produced, is in the liquid phase at surface pressure and temperature.

"*Development drilling or Development well*" means a well drilled to a known producing formation in a previously discovered field, usually offsetting a producing well on the same or an adjacent oil and natural gas lease.

"*Diatomite*" means a sedimentary rock composed primarily of siliceous, diatom shells.

"*Differential*" means an adjustment to the price of oil or natural gas from an established spot market price to reflect differences in the quality and/or location of oil or natural gas.

"*Downspacing*" means additional wells drilled between known producing wells to better develop the reservoir.

"*Enhanced oil recovery*" means a technique for increasing the amount of oil that can be extracted from a field.

"*EOR*" means enhanced oil recovery.

"*Estimated ultimate recovery*" or "*EUR*" means the sum of reserves remaining as of a given date and cumulative production as of that date. EUR is shown on a combined basis for oil and natural gas.

"*Exploration activities*" means the initial phase of oil and natural gas operations that includes the generation of a prospect or play and the drilling of an exploration well.

"*Field*" means an area consisting of a single reservoir or multiple reservoirs all grouped on or related to the same individual geological structural feature or stratigraphic condition.

"*Formation*" means a layer of rock which has distinct characteristics that differ from those of nearby rock.

"*Fracturing*" means mechanically inducing a crack or surface of breakage within rock not related to foliation or cleavage in metamorphic rock in order to enhance the permeability of rocks by connecting pores together.

"*Gas*" or "*Natural gas*" means the lighter hydrocarbons and associated non-hydrocarbon substances occurring naturally in an underground reservoir, which under atmospheric conditions are essentially gases but which may contain liquids.

"*Gross Acres*" or "*Gross Wells*" means the total acres or wells, as the case may be, in which we have a working interest.

"*Held by production*" means acreage covered by a mineral lease that perpetuates a company's right to operate a property as long as the property produces a minimum paying quantity of oil or natural gas.

"*Henry Hub*" is a distribution hub on the natural gas pipeline system in Erath, Louisiana.

"*Hydraulic fracturing*" means a procedure to stimulate production by forcing a mixture of fluid and proppant (usually sand) into the formation under high pressure. This creates artificial fractures in the reservoir rock, which increases permeability.

"*Horizontal drilling*" means a wellbore that is drilled laterally.

"*ICE*" means Intercontinental Exchange.

"*Infill drilling*" means drilling of an additional well or wells at less than existing spacing to more adequately drain a reservoir.

"*Injection Well*" means a well in which water, gas or steam is injected, the primary objective typically being to maintain reservoir pressure and/or improve hydrocarbon recovery.

"*IOR*" means improved oil recovery.

"*Leases*" means full or partial interests in oil or gas properties authorizing the owner of the lease to drill for, produce and sell oil and natural gas in exchange for any or all of rental, bonus and royalty payments. Leases are generally acquired from private landowners (fee leases) and from federal and state governments on acreage held by them.

"*MBbl*" means one thousand barrels of oil, condensate or NGLs.

"*MBoe*" means one thousand barrels of oil equivalent.

"*MBoe/d*" means MBoe per day.

"*Mcf*" means one thousand cubic feet, which is a unit of measurement of volume for natural gas.

"*MMBbl*" means one million barrels of oil, condensate or NGLs.

"*MMBoe*" means one million barrels of oil equivalent.

"*MMBtu*" means one million Btus.

"*MMcf*" means one million cubic feet, which is a unit of measurement of volume for natural gas.

"*MMcf/d*" means MMcf per day.

"*MW*" means megawatt.

"*Net Acres*" or "*Net Wells*" is the sum of the fractional working interests owned in gross acres or wells, as the case may be, expressed as whole numbers and fractions thereof.

"*Net revenue interest*" means all of the working interests, less all royalties, overriding royalties, non-participating royalties, net profits interest or similar burdens on or measured by production from oil and natural gas.

"*NGL*" means natural gas liquids, which are the hydrocarbon liquids contained within natural gas.

"*NYMEX*" means New York Mercantile Exchange.

"*Oil*" means crude oil or condensate.

"*Operator*" means the individual or company responsible to the working interest owners for the exploration, development and production of an oil or natural gas well or lease.

"*PDNP*" is an abbreviation for proved developed non-producing.

"*PDP*" is an abbreviation for proved developed producing.

"*Permeability*" means the ability, or measurement of a rock's ability, to transmit fluids.

"*Play*" means a regionally distributed oil and natural gas accumulation. Resource plays are characterized by continuous, aerially extensive hydrocarbon accumulations.

"*Porosity*" means the total pore volume per unit volume of rock.

"*PPA*" is an abbreviation for power purchase agreement.

"*Production costs*" means costs incurred to operate and maintain wells and related equipment and facilities, including depreciation and applicable operating costs of support equipment and facilities and other costs of operating and maintaining those wells and related equipment and facilities. For a complete definition of production costs, refer to the SEC's Regulation S-X, Rule 4-10(a)(20).

"*Productive well*" means a well that is producing oil, natural gas or NGLs or that is capable of production.

"*Proppant*" means sized particles mixed with fracturing fluid to hold fractures open after a hydraulic fracturing treatment.

"*Prospect*" means a specific geographic area which, based on supporting geological, geophysical or other data and also preliminary economic analysis using reasonably anticipated prices and costs, is deemed to have potential for the discovery of commercial hydrocarbons.

"*Proved developed reserves*" means reserves that can be expected to be recovered through existing wells with existing equipment and operating methods.

"*Proved developed producing reserves*" means reserves that are being recovered through existing wells with existing equipment and operating methods.

"*Proved reserves*" means the estimated quantities of oil, gas and gas liquids, which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulations prior to the time at which contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether deterministic or probabilistic methods are used for the estimation. The project to extract the hydrocarbons must have commenced or the operator must be reasonably certain that it will commence the project within a reasonable time.

"*Proved undeveloped drilling location*" means a site on which a development well can be drilled consistent with spacing rules for purposes of recovering proved undeveloped reserves.

"*Proved undeveloped reserves*" or "*PUDs*" means proved reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required for recompletion. Reserves on undrilled acreage are limited to those directly offsetting development spacing areas that are reasonably certain of production when drilled, unless evidence using reliable technology exists that establishes reasonable certainty of economic producibility at greater distances. Undrilled locations can be classified as having proved undeveloped reserves only if a development plan has been adopted indicating that they are scheduled to be drilled within five years, unless the specific circumstances justify a longer time. Estimates for proved undeveloped reserves are not attributed to any acreage for which an application of fluid injection or other improved recovery technique is contemplated, unless such techniques have been proved effective by actual projects in the same reservoir or an analogous reservoir, or by other evidence using reliable technology establishing reasonable certainty.

"*PV-10*" is a non-GAAP financial measure and represents the present value of estimated future cash inflows from proved oil and gas reserves, less future development and production costs, discounted at 10% per annum to reflect the timing of future cash flows and using SEC-prescribed pricing assumptions for the period. While this measure does not include the effect of income

taxes as it would in the use of the standardized measure calculation, it does provide an indicative representation of the relative value of the company on a comparative basis to other companies and from period to period.

"*Realized price*" means the cash market price less all expected quality, transportation and demand adjustments.

"*Reasonable certainty*" means a high degree of confidence. For a complete definition of reasonable certainty, refer to the SEC's Regulation S-X, Rule 4-10(a)(24).

"*Recompletion*" means the completion for production from an existing wellbore in a formation other than that in which the well has previously been completed.

"*Reserves*" means estimated remaining quantities of oil and natural gas and related substances anticipated to be economically producible, as of a given date, by application of development projects to known accumulations. In addition, there must exist, or there must be a reasonable expectation that there will exist, the legal right to produce or a revenue interest in the production, installed means of delivering oil and natural gas or related substances to market and all permits and financing required to implement the project. Reserves should not be assigned to adjacent reservoirs isolated by major, potentially sealing, faults until those reservoirs are penetrated and evaluated as economically producible. Reserves should not be assigned to areas that are clearly separated from a known accumulation by a non-productive reservoir (i.e., absence of reservoir, structurally low reservoir or negative test results). Such areas may contain prospective resources (i.e., potentially recoverable resources from undiscovered accumulations).

"*Reservoir*" means a porous and permeable underground formation containing a natural accumulation of producible natural gas and/or oil that is confined by impermeable rock or water barriers and is individual and separate from other reservoirs.

"*Resources*" means quantities of oil and natural gas estimated to exist in naturally occurring accumulations. A portion of the resources may be estimated to be recoverable and another portion may be considered to be unrecoverable. Resources include both discovered and undiscovered accumulations.

"*Royalty*" means the share paid to the owner of mineral rights, expressed as a percentage of gross income from oil and natural gas produced and sold unencumbered by expenses relating to the drilling, completing and operating of the affected well.

"*Royalty interest*" means an interest in an oil and natural gas property entitling the owner to shares of oil and natural gas production, free of costs of exploration, development and production operations.

"*SEC Pricing*" means pricing calculated using oil and natural gas price parameters established by current guidelines of the SEC and accounting rules based on the unweighted arithmetic average of oil and natural gas prices as of the first day of each of the 12 months ended on the given date.

"*Seismic Data*" means data produced by an exploration method of sending energy waves into the earth and recording the wave reflections to indicate the type, size, shape and depth of a subsurface rock formation. 2-D seismic provides two-dimensional information and 3-D seismic provides three-dimensional views.

"*Spacing*" means the distance between wells producing from the same reservoir. Spacing is often expressed in terms of acres, e.g., 40-acre spacing, and is often established by regulatory agencies.

"*Steamflood*" means cyclic or continuous steam injection.

"*Standardized measure*" means discounted future net cash flows estimated by applying year-end prices to the estimated future production of proved reserves. Future cash inflows are reduced by estimated future production and development costs based on period-end costs to determine pre-tax cash inflows. Future income taxes, if applicable, are computed by applying the statutory tax rate to the excess of pre-tax cash inflows over our tax basis in the oil and natural gas properties. Future net cash inflows after income taxes are discounted using a 10% annual discount rate.

"*Strip Pricing*" means pricing calculated using oil and natural gas price parameters established by current guidelines of the SEC and accounting rules with the exception of pricing that is based on average annual forward-month ICE (Brent) oil and NYMEX Henry Hub natural gas contract pricing in effect on a given date to reflect the market expectations as of that date.

"*Undeveloped acreage*" means lease acres on which wells have not been drilled or completed to a point that would permit the production of commercial quantities of oil and gas regardless of whether or not such acreage contains proved reserves.

"*Unit*" means the joining of all or substantially all interests in a reservoir or field, rather than a single tract, to provide for development and operation without regard to separate property interests. Also, the area covered by a unitization agreement.

"*Unproved reserves*" means reserves that are considered less certain to be recovered than proved reserves. Unproved reserves may be further sub-classified to denote progressively increasing uncertainty of recoverability and include probable reserves and possible reserves.

"*Wellbore*" means the hole drilled by the bit that is equipped for natural gas production on a completed well. Also called well or borehole.

"*Working interest*" means an interest in an oil and natural gas lease entitling the holder at its expense to conduct drilling and production operations on the leased property and to receive the net revenues attributable to such interest, after deducting the landowner's royalty, any overriding royalties, production costs, taxes and other costs.

"*Workover*" means maintenance on a producing well to restore or increase production.

"*WTI*" means West Texas Intermediate.

SIGNATURES

Pursuant to the requirements 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.

BERRY PETROLEUM CORPORATION
(Registrant)

Date: August 23, 2018

/s/ Michael S. Helm
Michael S. Helm
Chief Accounting Officer
(Duly Authorized Officer and Principal Accounting Officer)

Date: August 23, 2018

/s/ Cary Baetz
Cary Baetz
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT

This **AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT** ("***Agreement***") is entered into by and between Berry Petroleum Company, LLC**,** a Delaware limited liability company (the "***Company***"), and Arthur "Trem" Smith ("***Executive***"), effective as of this 22 day of August, 2018 (the "***Effective Date***"). Berry Petroleum Corporation, a Delaware corporation and a 100% parent of the Company ("***Berry Petroleum***"), is joining in this Agreement for the limited purpose of reflecting its agreement to the matters set forth herein as to it, but such joinder is not intended to make Berry Petroleum the employer of Executive for any purpose. Certain capitalized terms used in this Agreement are defined in Section 8.

W I T N E S S E T H:

WHEREAS, the Company and Executive entered into that certain Executive Employment Agreement dated March 1, 2017 (the "***Original Employment Agreement***");

WHEREAS, the Company and Executive desire to amend and restate the Original Employment Agreement and enter into this Agreement, which supersedes and replaces the Original Employment Agreement in its entirety; and

WHEREAS, the Company desires to continue to employ Executive on the terms and conditions, and for the consideration, hereinafter set forth, and Executive desires to be employed by the Company on such terms and conditions and for such consideration.

NOW, THEREFORE, in consideration of the promises and mutual covenants set forth herein and for other good and valuable consideration, the parties hereto agree as follows:

1.Position and Duties.

1.1 Employment; Titles; Reporting. The Company agrees to employ Executive and Executive agrees to be employed by the Company, upon the terms and subject to the conditions provided under this Agreement. During the Employment Term (as defined in Section 2), Executive will serve each of the Company and Berry Petroleum as the President and Chief Executive Officer, and will serve as a member of the Board of Directors of Berry Petroleum (including any committees thereof, the "***Board***").

1.2 Duties. During the Employment Term, Executive will have such duties, responsibilities and authorities as may be assigned to him by the Board from time to time and otherwise consistent with such position in a publicly traded company comparable to Berry Petroleum which is engaged in natural gas and oil acquisition, development and production. Executive will devote substantially all of his full working time to the business and affairs of the Company and Berry Petroleum, will use his reasonable best efforts to promote the Company's and Berry Petroleum's interests, and will perform his duties and responsibilities faithfully, diligently and to the best of his ability, consistent with sound business practices. Executive may be required by the Board to provide services to, or otherwise serve as an officer or director of, any direct or indirect subsidiary of the Company or Berry Petroleum, as applicable. Executive will comply with the Company's and Berry Petroleum's policies, codes and procedures, as they may be in effect from time to time, applicable to executive officers of the Company and Berry Petroleum. Subject to the preceding sentence, Executive may, with the prior approval of the Board in each instance, engage in other business and charitable activities, *provided that* such charitable and/or other business activities do not violate Section 7, create a conflict of interest with the Company or Berry Petroleum, or materially interfere with the performance of his obligations to the Company or Berry Petroleum under this Agreement.

1.3 Place of Employment. Executive will perform his duties under this Agreement at the Company's offices in Dallas, Texas, with the expectation of substantial business travel.

2. Term of Employment.

Subject to earlier termination as hereinafter provided, Executive's employment hereunder will be for a term of three (3) years (the "***Initial Term***"), commencing on March 1, 2017. Beginning on the third anniversary of the Effective Date, the term will automatically, without further action by Executive or the Company, be extended for one (1) year; *provided*, *however*, that either Executive or the Company may, by written notice to the other given not less than sixty (60) days prior to the scheduled expiration of the term, cause the term to cease to extend automatically. The term of this Agreement is hereafter referred to as the "***Employment Term.***" The date on which Executive's employment ends is referred to in this Agreement as the "***Termination Date.***" Upon termination of Executive's employment hereunder for any reason, Executive will be deemed to have resigned from all positions that Executive holds as an officer or member of the Board (or a committee thereof) of the Company, Berry Petroleum, or any of their subsidiaries or affiliates.

3. Compensation.

3.1 Base Salary. During the Employment Term, Executive will be entitled to receive a base salary ("***Base Salary***") at an annual rate of $650,000, payable in accordance with Company's regular payroll practices.

3.2 Bonus Compensation. For each calendar year ending during the Employment Term, Executive will be eligible to earn an annual bonus (the "***Annual Incentive Bonus***"). The target Annual Incentive Bonus is equal to 100% of Base Salary (the "***Target Bonus Amount***") and the maximum Annual Incentive Bonus is equal to 200% of the Target Bonus Amount. The Target Bonus Amount will be reviewed annually by the Board and may be adjusted upward in the Board's sole discretion, but not downward. The actual amount of the Annual Incentive Bonus with respect to any calendar year will be determined by the Board based on Executive's and the Company's fulfillment of performance goals established by the Board (after consultation with Executive) with respect to the applicable calendar year. The performance goals applicable to

Executive's Annual Incentive Bonus for each calendar year during the Employment Term will be established no later than March 31 of such calendar year. The Annual Incentive Bonus for any calendar year will (if and to the extent earned) be paid no later than the March 15th following the completion of such calendar year. Except as provided in Section 6.3, Executive must remain continuously employed with the Company through the payment date of the Annual Incentive Bonus in order to receive such Annual Incentive Bonus.

3.3 Long-Term Incentive Awards. Executive will be eligible to receive annual equity awards ("***Annual Equity Awards***") as determined in the sole discretion of the Board (or a committee thereof). The actual grant date target value of any such Annual Equity Awards will be determined in the discretion of the Board (or a committee thereof) after taking into account the Company's and Executive's performance and other relevant factors, but it is contemplated that such Annual Equity Awards will have an aggregate grant date target value equal to the sum of Executive's Base Salary and Target Bonus Amount for the calendar year of grant, subject to the Board's (or a committee thereof) evaluation of Executive's performance and then current market compensatory levels and practices. It is further contemplated that the terms and conditions of the Annual Equity Awards (including, without limitation, the form of award(s), vesting schedule, performance objectives, restrictive provisions, etc.) will be the same as such terms and conditions applicable to the annual long-term incentive awards granted to other senior executive officers of the Company at the time of such grants. The Annual Equity Awards will be subject to the Second Amended and Restated Berry Petroleum Corporation 2017 Omnibus Incentive Plan (as amended, restated or otherwise modified from time to time) and will be memorialized in (and subject to the terms of) written award agreements approved by the Board (or a committee thereof).

4. Expenses and Other Benefits.

4.1 Reimbursement of Expenses. Executive will be entitled to receive prompt reimbursement for all reasonable expenses, including all reasonable travel expenses, incurred by him during the Employment Term (in accordance with the policies and practices as may be established by the Company from time to time) in performing services under this Agreement, *provided that* Executive properly accounts for such expenses in accordance with the Company's policies as in effect from time to time. Without limiting or expanding the immediately preceding sentence, in connection with any travel by Executive in performing services under this Agreement, the Company will pay or reimburse Executive for (a) business class air travel (or first class if business class is not reasonably available) for flights with a scheduled flight time exceeding one (1) hour in duration, and (b) private ground transportation for ground travel that Executive reasonably expects will exceed one (1) hour in duration and, in his reasonable judgement, is necessary or appropriate.

4.2 Vacation. Executive will be entitled to paid vacation time each year during the Employment Term that will accrue in accordance with the Company's policies and procedures now in force or as such policies and procedures may be modified with respect to all senior executive officers of the Company.

4.3 Executive Housing. The Company will pay up to $5,000 per month for executive housing selected by Executive within commuting distance of the Company's offices in Bakersfield, California. Executive acknowledges and agrees that, as a condition of Executive's employment hereunder, Executive is required use such executive housing when performing services at the Company's offices in Bakersfield, California.

4.4 Company Vehicle. For purposes of performance of Executive's duties in Bakersfield, California, the Company will provide Executive with a vehicle to be agreed upon in accordance with market standards. The vehicle will be owned or leased by the Company and will be returned to the Company by Executive immediately upon termination of Executive's employment hereunder. The Company will bear and pay, at its expense, any and all costs of maintenance and repairs, fuel, and any insurance deductibles for the vehicle. Executive will be liable for paying for any parking or traffic fines received in connection with the vehicle.

4.5 Other Employee Benefits. In addition to the foregoing, during the Employment Term, Executive will be entitled to participate in and to receive benefits as a senior executive under all of the Company's employee benefit plans, programs and arrangements available to senior executives, subject to the eligibility criteria and other terms and conditions thereof, as such plans, programs and arrangements may be duly amended, terminated, approved or adopted by the Board from time to time.

5. Termination of Employment.

5.1 Death. Executive's employment under this Agreement will terminate upon his death.

5.2 Termination by the Company. The Company may terminate Executive's employment under this Agreement at any time with or without Cause.

5.3 Termination by Executive. Executive may terminate his employment under this Agreement at any time with or without Good Reason. If Executive terminates his employment with Good Reason, Executive will give the Board written notice which will identify with reasonable specificity the grounds for Executive's resignation and provide the Board with 30 days from the day such notice is given to cure the alleged grounds for resignation contained in the notice. A termination will not be for Good Reason if such notice is given by Executive to the Board more than 60 days after the occurrence of the event that Executive alleges is Good Reason for his termination hereunder.

5.4 Notice of Termination. Any termination of Executive's employment by the Company or by Executive during the Employment Term (other than termination pursuant to Section 5.1) will be communicated by written Notice of Termination to the other party hereto in accordance with Section 9.9. For purposes of this Agreement, a "***Notice of Termination***" means a written notice that (a) indicates the specific termination provision in this Agreement relied upon, (b) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated, and (c) if the Termination Date (as defined herein) is other than the date of receipt of such notice, specifies the Termination Date (which Termination Date will be not more than 30 days after the giving of such notice).

5.5 Disability. If the Board determines in good faith that the Disability of Executive has occurred during the Employment Term, it may, without breaching this Agreement, give to Executive written notice in accordance with Section 5.4 of its intention to terminate Executive's employment. In such event, Executive's employment with the Company will terminate effective on the 15th day after receipt of

such notice by Executive, *provided that*, within the 15 days after such receipt, Executive will not have returned to full-time performance of Executive's duties.

6. Compensation Upon Termination.

6.1 Termination Generally. If Executive's employment hereunder terminates for any reason other than as described in Section 6.2 below, then all compensation and all benefits to Executive hereunder will terminate contemporaneously with such termination of employment, except that Executive will be entitled to (a) payment of all accrued and unpaid Base Salary to the Termination Date, (b) reimbursement for all incurred but unreimbursed expenses for which Executive is entitled to reimbursement in accordance with Section 4.1, (c) benefits to which Executive is entitled under the terms of any applicable benefit plan or program of the Company or an affiliate (such amounts set forth in (a), (b), and (c) are collectively referred to herein as the "***Accrued Rights***").

6.2 Non-Renewal by the Company, Without Cause or for Good Reason. If the Company terminates Executive's employment without Cause or on account of the Company's failure to renew this Agreement in accordance with Section 2, or Executive terminates his employment for Good Reason, then all compensation and all benefits to Executive hereunder will terminate contemporaneously with such termination of employment, except that Executive will be entitled to receive the Accrued Rights, which will be paid or provided (as applicable) to Executive at such time(s) as provided in Section 6.1, and, subject to Section 6.2(e), the severance benefits (the "***Severance Benefits***") set forth in clauses (a) through (d) below.

(a) *Unpaid Prior Year Annual Incentive Bonus*. The Company will pay Executive any unpaid Annual Incentive Bonus for the calendar year ending prior to the Termination Date, which amount will be payable (assuming the applicable performance goals were achieved) in a lump sum on or before the date such annual bonuses are paid to executives who have continued employment with the Company (but in no event earlier than sixty (60) days following the Date of Termination or, if earlier, March 15th of the calendar year following the calendar year ending prior to the Termination Date).

(b) *Prorated Current Year Annual Incentive Bonus*. The Company will pay Executive a bonus for the calendar year in which the Termination Date occurs in an amount measured by reference to the Annual Incentive Bonus for such year as determined by the Company in accordance with the criteria established pursuant to Section 3.2 and based on the Company's actual performance for such year, and prorated through and including the Termination Date (based on the ratio of the number of days Executive was employed by the Company during such year to the number of days in such year), payable in a lump sum on or before the date such annual bonuses are paid to executives who have continued employment with the Company (but in no event earlier than sixty (60) days following the Termination Date or, if earlier, March 15th of the year following the calendar year ending prior to the Termination Date).

(c) *Salary Continuation Payments*. Executive will be entitled to receive an amount equal to one and one-half (1.5) times (or in the event that Executive's Termination Date occurs during the period that begins immediately prior to a Sale of Berry Petroleum and ends on the twelve (12)-month anniversary of such Sale of Berry Petroleum (a "***Qualifying Termination***"), two and one-half (2.5) times) the sum of (i) Executive's Base Salary for the year in which the Termination Date occurs and (ii) Executive's Target Bonus Amount for the year in which such termination occurs. Such amount shall be paid by the Company to Executive in eighteen (18) (or, in the case of a Qualifying Termination, thirty (30)) substantially equal monthly installments beginning on or promptly following the sixtieth (60th) day following the Termination Date (the "***Payment Date***"); *provided, however,* that (1) to the extent, if any, that the aggregate amount of the installments of the payment described in this Section 6.2(c) that would otherwise be paid pursuant to the preceding provisions of this Section 6.2(c) after March 15 of the calendar year following the calendar year in which the Termination Date occurs (the "***Applicable March 15***") exceeds the maximum exemption amount under Treasury Regulation Section 1.409A-1(b)(9)(iii)(A), then such excess shall be paid to Executive in a lump sum on the Applicable March 15 (or the first business day preceding the Applicable March 15 if the Applicable March 15 is not a business day) and the installments of the payment described in this Section 6.2(c) payable after the Applicable March 15 shall be reduced by such excess (beginning with the installment first payable after the Applicable March 15 and continuing with the next succeeding installment until the aggregate reduction equals such excess).

(d) *COBRA Reimbursement*. If Executive timely and properly elects continuation coverage under the Consolidated Omnibus Reconciliation Act of 1985 ("***COBRA***"), the Company shall reimburse Executive for the monthly COBRA premium paid by Executive for himself and his dependents. Any such reimbursement for the period prior to the Payment Date shall be paid to Executive in a lump sum on the Payment Date and any reimbursement for any month (or portion thereof) on and after the Payment Date shall be paid to Executive on the tenth (10th) day of the month immediately following the month in which Executive timely remits the premium payment and provides evidence of such payment to the Company. Executive shall be eligible to receive such reimbursement until the earliest of: (i) the eighteen (18)-month anniversary of the Termination Date; (ii) the date Executive is no longer eligible to receive COBRA continuation coverage; and (iii) the date on which Executive becomes eligible to receive substantially similar coverage from another employer (which date shall be promptly reported to the Company by Executive); *provided, however*, that the election of COBRA continuation coverage and the payment of any premiums due with respect to such COBRA continuation coverage shall remain Executive's sole responsibility, and the Company shall not assume any obligation for payment of any such premiums. In addition, if, following a Qualifying Termination, Executive is still receiving the continuation coverage described in this paragraph on the date that is eighteen (18) months after the Termination Date (the "***COBRA Payment Trigger Date***"), then, within thirty (30) days after the COBRA Payment Trigger Date, the Company shall pay to Executive a lump sum cash payment equal to the lesser of (a) the applicable dollar amount under Section 402(g)(1)(B) of the Internal Revenue Code of 1986, as amended (the "***Code***"), for the year in which the Termination Date occurs or (b) six (6) times the premium paid by Executive for such coverage for the last month of the eighteen (18)-month period during which Executive received the continuation coverage described in this paragraph. Notwithstanding the foregoing, if the provision of the benefits described in this paragraph cannot be provided in the manner described above without penalty, tax or other adverse impact on the Company or any other member of the Company Group, then the Company and Executive agree to reform this Section 6.2(d) in a manner as is necessary to avoid such adverse impact on the Company or any other member of the Company Group.

(e) *Release Requirement; Continuing Obligations*. Any obligation of the Company to pay any amount set forth in Section 6.2(a), (b), (c), or (d) is conditioned upon Executive: (i) timely signing and returning to the Company (and not revoking within any time provided by the Company to do so), in the time provided by the Company to do so, a release of claims in favor of the Company, its affiliates and their respective officers and directors in a form reasonably acceptable to the Company (the "***Release***"), and (ii) Executive's continued

compliance with the terms of this Agreement that survive termination of Executive's employment, including, without limitation, the continuing terms of Section 7. If, following a termination of employment that gives Executive a right to Severance Benefits under Section 6.2, Executive violates in any material respect any of the covenants in Section 7 or otherwise violates terms of the Release, Executive will have no further right or claim to any payments or other benefits to which Executive may otherwise be entitled under Section 6.2 from and after the date on which Executive engages in such activities and the Company will have no further obligations with respect to such payments or benefits, and the covenants in Section 7 will nevertheless continue in full force and effect.

For avoidance of doubt, the following termination events will not be deemed to be a termination "without Cause": (a) Executive's death; (b) Executive's termination of employment on account of Executive's Disability; (c) the transfer of Executive's employment to another member of the Company Group, *provided* such member assumes and agrees to be bound by this Agreement; or (d) the transfer of Executive's employment to any successor or assign (whether direct or indirect, by purchase, merger, consolidation, or otherwise) to all or substantially all of the business or assets of the Company, *provided* such successor or assign assumes and agrees to be bound by this Agreement.

6.3 Equity Awards. Notwithstanding anything in this Agreement to the contrary, the treatment of any equity award held by Executive as of his Termination Date (including, without limitation, any Annual Equity Award) will be determined in accordance with the terms of the applicable Company equity plan and award agreement.

6.4 Severance Benefits Not Includable for Employee Benefits Purposes. Except to the extent the terms of any applicable benefit plan, policy or program provide otherwise, any benefit programs of the Company that take into account Executive's income will exclude any and all Severance Benefits and provided under this Agreement.

6.5 Exclusive Severance Benefits. The Severance Benefits, if they become payable under the terms of this Agreement, will be in lieu of any other severance or similar benefits that would otherwise be payable under any other agreement, plan, program or policy of the Company.

6.6 Sections 280G and 409A of the Code. Notwithstanding anything in this Agreement to the contrary:

(a) If any of the payments or benefits received or to be received by Executive (including, without limitation, any payment or benefits received in connection with a Sale of Berry Petroleum or Executive's termination of employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement, or otherwise) (all such payments collectively referred to herein as the ("***280G Payments***") constitute "parachute payments" within the meaning of Section 280G of the Code and would, but for this Section 6.6(a), be subject to the excise tax imposed under Section 4999 of the Code (the "***Excise Tax***"), then prior to making the 280G Payments, a calculation will be made comparing (23) the Net Benefit (as defined below) to Executive of the 280G Payments after payment of the Excise Tax to (23) the Net Benefit to Executive if the 280G Payments are limited to the extent necessary to avoid being subject to the Excise Tax. Only if the amount calculated under (i) above is less than the amount under (ii) above will the 280G Payments be reduced to the minimum extent necessary to ensure that no portion of the 280G Payments is subject to the Excise Tax. "***Net Benefit***" will mean the present value of the 280G Payments net of all federal, state, local, foreign income, employment, and excise taxes. Any reduction made pursuant to this Section 6.6(a) will be made in a manner determined by the Company that is consistent with the requirements of Section 409A of the Code and that maximizes Executive's economic position and after-tax income; for the avoidance of doubt, Executive will not have any discretion in determining the manner in which the payments and benefits are reduced.

(b) If any benefits payable or otherwise provided under this Agreement would be deemed to constitute non-qualified deferred compensation subject to Section 409A of the Code, the Company will have the discretion to adjust the terms of such payment or benefit (but not the amount or value thereof) as reasonably necessary to comply with the requirements of Section 409A of the Code to avoid the imposition of any excise tax or other penalty with respect to such payment or benefit under Section 409A of the Code.

(c) Any expense reimbursement payable to Executive under the terms of this Agreement will be paid on or before March 15 of the calendar year following the calendar year in which such reimbursable expense was incurred. The amount of such reimbursements that the Company is obligated to pay in any given calendar year will not affect the amount the Company is obligated to pay in any other calendar year. In addition, Executive may not liquidate or exchange the right to reimbursement of such expenses for any other benefits.

6.7 Timing of Payments by the Company. Notwithstanding anything in this Agreement to the contrary, in the event that Executive is a "specified employee" (as determined under Section 409A of the Code) at the time of the separation from service triggering the payment or provision of benefits, any payment or benefit under this Agreement which is determined to provide for a deferral of compensation pursuant to Section 409A of the Code will not commence being paid or made available to Executive until after six months from the Termination Date that constitutes a separation from service within the meaning of Section 409A of the Code.

6.8 Indemnification. If Executive is made a party or threatened to be made a party to any action, suit, or proceeding, whether civil, criminal, administrative, or investigative (a "***Proceeding***"), other than any Proceeding initiated by Executive, Berry Petroleum, or the Company related to any contest or dispute between Executive and Berry Petroleum or the Company or any of their subsidiaries or affiliates with respect to this Agreement or Executive's employment hereunder, by reason of the fact that Executive is or was a director or officer of Berry Petroleum or the Company, or any subsidiary or affiliate of Berry Petroleum or the Company, or is or was serving at the request of Berry Petroleum or the Company as a director, officer, member, employee, or agent of another corporation or a partnership, joint venture, trust, or other enterprise, Executive will be indemnified and held harmless by Berry Petroleum and the Company to the maximum extent permitted under applicable law and, as applicable, Berry Petroleum's or the Company's organizational documents, from and against any liabilities, costs, claims, and expenses, including all costs and expenses incurred in defense of any Proceeding (including attorneys' fees). During the Employment Term and for a period of six years thereafter, Berry Corporation and the Company will purchase and maintain, at their own expense, directors' and officers' liability insurance providing coverage to Executive on terms that are no less favorable than the coverage provided to other directors and similarly situated executives of Berry Petroleum and the Company.

7. Restrictive Covenants.

7.1 Confidential Information.

(a) *Confidentiality.* Executive hereby acknowledges that in connection with his employment by the Company he will be exposed to and may obtain certain Confidential Information (as defined below) (including, without limitation, procedures, memoranda, notes, records and customer and supplier lists whether such information has been or is made, developed or compiled by Executive or otherwise has been or is made available to him) regarding the business and operations of the Company, Berry Petroleum, and their subsidiaries or affiliates (collectively, the "***Company Group***"). Executive further acknowledges that such Confidential Information is unique, valuable, considered trade secrets and deemed proprietary by the Company. For purposes of this Agreement, "***Confidential Information***" includes, without limitation, any information heretofore or hereafter acquired, developed or used by any member of the Company Group relating to Business Opportunities or Intellectual Property or other geological, geophysical, economic, financial or management aspects of the business, operations, properties or prospects of the members of the Company Group, whether oral or in written form. Executive agrees that all Confidential Information is and will remain the property of the Company Group. Executive further agrees, except for disclosures occurring in the good faith performance of his duties for the Company Group, during the Employment Term, Executive will hold in the strictest confidence all Confidential Information, and will not, both during the Employment Term and for a period of five years after the Termination Date, directly or indirectly, duplicate, sell, use, lease, commercialize, disclose or otherwise divulge to any person or entity any portion of the Confidential Information or use any Confidential Information, directly or indirectly, for his own benefit or profit or allow any person, entity or third party, other than the Company, Company, or their direct or indirect subsidiaries and authorized executives of the same, to use or otherwise gain access to any Confidential Information. Executive will have no obligation under this Agreement with respect to any information that becomes generally available to the public other than as a result of a disclosure by Executive or his agent or other representative or becomes available to Executive on a non-confidential basis from a source other than a member of the Company Group. Further, Executive will have no obligation under this Agreement to keep confidential any of the Confidential Information to the extent that a disclosure of it is required by law or is consented to by the Company or Berry Petroleum; *provided*, *however*, that if and when such a disclosure is required by law, Executive promptly will provide the Company with notice of such requirement, so that the Company may seek an appropriate protective order.

(b) *Government Agency Provisions*. Executive understands that nothing contained in this Agreement limits Executive's ability to file a charge or complaint with the Securities and Exchange Commission ("***SEC***") or other governmental agency. Executive further understands that this Agreement does not limit Executive's ability to communicate with the SEC or any other governmental agency or otherwise participate in any investigation or proceeding that may be conducted by the SEC or such other agency, including providing documents or other information, without notice to the Company. This Agreement does not limit Executive's right to receive an award for information provided to the SEC or any other governmental agency.

(c) *Trade Secrets*. The parties specifically acknowledge that 18 U.S.C. § 1833(b) provides: "An individual will not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that (23) is made in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and solely for the purpose of reporting or investigating a suspected violation of law; or (23) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal." Nothing in this Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. § 1833(b). Accordingly, notwithstanding anything to the contrary in the foregoing, the parties to this Agreement have the right to disclose in confidence trade secrets to federal, state, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law.

7.2 Return of Property. Executive agrees to deliver promptly to the Company, upon termination of his employment hereunder, or at any other time when the Company so requests, all documents received by Executive in connection with the performance of his duties hereunder relating to the business of the Company Group, including without limitation: all geological and geophysical reports and related data such as maps, charts, logs, seismographs, seismic records and other reports and related data, calculations, summaries, memoranda and opinions relating to the foregoing, production records, electric logs, core data, pressure data, lease files, well files and records, land files, abstracts, title opinions, title or curative matters, contract files, notes, records, drawings, manuals, correspondence, financial and accounting information, customer lists, statistical data and compilations, patents, copyrights, trademarks, trade names, inventions, formulae, methods, processes, agreements, contracts, manuals or any documents relating to the business of the Company Group and all copies thereof and therefrom; *provided*, *however*, that Executive will be permitted to retain copies of any documents or materials of a personal nature or otherwise related to Executive's rights under this Agreement, copies of this Agreement and any attendant or ancillary documents specifically including any documents referenced in this Agreement and copies of any documents related to Executive's equity incentive awards and other compensation.

7.3 Non-Compete Obligations.

(a) *Non-Compete Obligations During Employment Term.* Executive agrees that, during the Employment Term:

(i) Executive will not, other than through the Company or Berry Petroleum, engage or participate in any manner, whether directly or indirectly as an employee, employer, consultant, agent, principal, partner, more than 1% shareholder, officer, director, licensor, lender, lessor or in any other individual or representative capacity, in any business or activity which is engaged in direct competition anywhere in the United States with the Company, Berry Petroleum, or any of their direct or indirect subsidiaries, in leasing, acquiring, exploring, producing, gathering or marketing hydrocarbons and related products; and

(ii) Executive will not (directly or indirectly through any family members or other persons) knowingly permit any of his controlled affiliates to invest or otherwise participate alongside the Company, Berry Petroleum, or their direct or indirect subsidiaries, in any Business Opportunity.

Notwithstanding the foregoing, nothing in this Section 7.3(a) will be deemed to prohibit Executive from owning, or otherwise having an interest in, less than 1% of any publicly owned entity or 3% or less of any private equity fund or similar investment fund that invests in any business or activity engaged in any of the activities set forth above, provided that Executive has no active role with respect to any investment by such fund in any entity.

(b) *Non-Compete Obligations After Termination Date.* Executive agrees that some restrictions on Executive's activities after Executive's employment are necessary to protect the goodwill, Confidential Information, and other legitimate interests of the Company, Berry Petroleum, and their direct and indirect subsidiaries. The Company has and following the Effective Date the Company will provide Executive

with access to and knowledge of Confidential Information and trade secrets and will place Executive in a position of trust and confidence with the Company, and Executive will benefit from the Company's goodwill. The restrictive covenants below are necessary to protect the Company's and Berry Petroleum's legitimate business interests in their Confidential Information, trade secrets and goodwill. Executive further understands and acknowledges that the Company's and Berry Petroleum's ability to reserve these for the exclusive knowledge and use of the Company and Berry Petroleum is of great competitive importance and commercial value to the Company and Berry Petroleum and that the Company and Berry Petroleum would be irreparably harmed if Executive violates the restrictive covenants below. In recognition of the consideration provided to Executive as well as the imparting to Executive of Confidential Information, including trade secrets, and for other good and valuable consideration, Executive hereby agrees that Executive will not engage or participate in any manner, whether directly or indirectly as an employee, employer, consultant, agent principal, partner, more than 1% shareholder, officer, director, licensor, lender, lessor or in any other individual or representative capacity during the two year period following the Termination Date, in any business or activity which is in direct competition with the business of the Company, Berry Petroleum, or their direct or indirect subsidiaries in the leasing, acquiring, exploring, producing, gathering or marketing of hydrocarbons and related products within the boundaries of, or within a ten-mile radius of the boundaries of, any mineral property interest of any of the Company, Berry Petroleum, or their direct or indirect subsidiaries (including, without limitation, a mineral lease, overriding royalty interest, production payment, net profits interest, mineral fee interest or option or right to acquire any of the foregoing, or an area of mutual interest as designated pursuant to contractual agreements between the Company or any direct or indirect subsidiary, and any third party) or any other property on which any of the Company, Berry Petroleum, or their direct or indirect subsidiaries has an option, right, license or authority to conduct or direct exploratory activities, such as three-dimensional seismic acquisition or other seismic, geophysical and geochemical activities (but not including any preliminary geological mapping), as of the Termination Date or as of the end of the six-month period following such Termination Date; *provided, that*, this Section 7.3(b) will not preclude Executive from making investments in securities of oil and gas companies which are registered on a national stock exchange, if the aggregate amount owned by Executive and all family members and affiliates does not exceed 3% of such company's outstanding securities.

(c) *Certain Personal Investments*. The parties hereto acknowledge and agree that Executive's ownership interest in or other involvement with TS&J Consulting, LLC, or any other entity that Executive may create and have a controlling interest (each, a "***Covered Entity***"), shall not violate this Section 7.3 unless Executive directly or indirectly informs the Covered Entity of, or permits or causes the Covered Entity to invest or participate in, a Business Opportunity without the prior written consent of the Board following Executive's full disclosure to the Board of such Business Opportunity. Executive covenants and agrees to promptly notify the Board of all material facts relating to any business or activity of a Covered Entity that Executive knows or should know to be in direct competition anywhere in the United States with the Company, Berry Petroleum, or any of their direct or indirect subsidiaries, in leasing, acquiring, exploring, producing, gathering or marketing hydrocarbons and related products. The Company or Berry Petroleum may, in good faith, take such reasonable action with respect to Executive's performance of his duties, responsibilities and authorities as set forth in Sections 1.1 and 1.2 of this Agreement as it deems necessary and appropriate to protect its legitimate business interests with respect to any actual or apparent conflict of interest reasonably arising from a Covered Entity's business activities.

(d) *Board Permission*. Without limiting this Section 7.3, Executive may, in his sole discretion, bring proposed activities of a Covered Entity to the attention of the Board and request that the Board review the proposed activities upon full disclosure to the Board of all material facts concerning the proposed activity, and inform the Executive in writing as to whether such proposed activities violate this Section 7.3. The Board's written determination in this matter shall not be unreasonably withheld and it shall conclusively bind the parties hereto.

7.4 Non-Solicitation. During the Employment Term and for a period of two years after the Termination Date, Executive will not, whether for his own account or for the account of any other Person (other than a member of the Company Group), (23) intentionally solicit, endeavor to entice away from any member of the Company Group, or otherwise interfere with the relationship of any member of the Company Group with, any person who is employed by any member of the Company Group (including any independent sales representatives or organizations), or (23) using Confidential Information, solicit, endeavor to entice away from any member of the Company Group, or otherwise interfere with the relationship of any member of the Company Group with, any client or customer of any member of the Company Group in direct competition with any member of the Company Group.

7.5 Assignment of Developments. Executive assigns and agrees to assign without further compensation to the Company and its successors, assigns or designees, all of Executive's right, title and interest in and to all Business Opportunities and Intellectual Property (as those terms are defined below), and further acknowledges and agrees that all Business Opportunities and Intellectual Property constitute the exclusive property of the Company.

For purposes of this Agreement, "***Business Opportunities***" means all business ideas, prospects, proposals or other opportunities pertaining to the lease, acquisition, exploration, production, gathering or marketing of hydrocarbons and related products and the exploration potential of geographical areas on which hydrocarbon exploration prospects are located, which are developed by Executive during the Employment Term, or originated by any third party and brought to the attention of Executive during the Employment Term, together with information relating thereto (including, without limitation, geological and seismic data and interpretations thereof, whether in the form of maps, charts, logs, seismographs, calculations, summaries, memoranda, opinions or other written or charted means).

For purposes of this Agreement, "***Intellectual Property***" will mean all ideas, inventions, discoveries, processes, designs, methods, substances, articles, computer programs and improvements (including, without limitation, enhancements to, or further interpretation or processing of, information that was in the possession of Executive prior to the date of this Agreement), whether or not patentable or copyrightable, which do not fall within the definition of Business Opportunities, which Executive discovers, conceives, invents, creates or develops, alone or with others, during the Employment Term, if such discovery, conception, invention, creation or development (23) occurs in the course of Executive's employment with the Company, or (23) occurs with the use of any of the time, materials or facilities of the Company or its direct or indirect subsidiaries, or (23) in the good faith judgment of the Board, relates or pertains in any material way to the purposes, activities or affairs of the Company Group.

Notwithstanding anything contained in this Section 7.5 to the contrary, no such business idea, prospect, proposal or other opportunity will constitute a "Business Opportunity", nor shall any item constitute "Intellectual Property," unless it would reasonably be expected to materially benefit the Company, Berry Petroleum, or any of their direct or indirect subsidiaries, regardless of whether any of the Company, Berry Petroleum, or their direct or indirect subsidiaries ultimately participates in such business or activity. For avoidance of doubt, the

Executive may, in the Executive's sole discretion, bring proposed activities of a Covered Entity that he reasonably believes may constitute a Business Opportunity and/or Intellectual Property to the attention of the Board, and request that the Board review the proposed activities upon full disclosure to the Board of all material facts concerning the proposed activity, and inform the Executive in writing as to whether such proposed activities constitute a Business Opportunity or an Intellectual Property item as defined in this Section 7.5. The Board's written determination in this matter shall not be unreasonably withheld and it shall conclusively bind the parties hereto.

7.6 Injunctive Relief. Executive acknowledges that a breach of any of the covenants contained in this Section 7 may result in material, irreparable injury to the Company or Berry Petroleum for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of such a breach or threat of breach, the Company or Berry Petroleum will be entitled to obtain a temporary restraining order and/or a preliminary or permanent injunction restraining Executive from engaging in activities prohibited by this Section 7 or such other relief as may be required to specifically enforce any of the covenants in this Section 7.

7.7 Adjustment of Covenants. The parties consider the covenants and restrictions contained in this Section 7 to be reasonable. However, if and when any such covenant or restriction is found to be void or unenforceable and would have been valid had some part of it been deleted or had its scope of application been modified, such covenant or restriction will be deemed to have been applied with such modification as would be necessary and consistent with the intent of the parties to have made it valid, enforceable and effective.

7.8 Forfeiture Provision. If Executive engages in any activity that materially violates any covenant or restriction contained in this Section 7, and such violation causes material harm to the Company, Berry Petroleum, or any of their direct or indirect subsidiaries, in addition to any other remedy the Company may have at law or in equity, (23) Executive will be entitled to no further payments or benefits from the Company under this Agreement or otherwise, except for any payments or benefits required to be made or provided under applicable law, and (23) all forms of equity compensation held by or credited to Executive will terminate effective as of the date on which Executive engages in that activity, unless terminated sooner by operation of another term or condition of this Agreement or other applicable plans and agreements.

8. Definition of Terms. The following terms referred to in this Agreement will have the following meanings:

(a) "***Cause***" means any of the following: (i) Executive's repeated failure to fulfill substantially his material obligations with respect to his employment (which failure, if able to be cured, remains uncured or continues or recurs thirty (30) days after written notice from the Board); (ii) Executive's conviction of or plea of guilty or *nolo contendere* to a felony or to a crime involving moral turpitude resulting in material financial or reputational harm to the Company, Berry Petroleum, or any of their subsidiaries or affiliates; (iii) Executive's engaging in conduct that constitutes gross negligence or gross misconduct in carrying out his duties with respect to his employment hereunder; (iv) a material violation by Executive of any non-competition or non-solicitation provision, or of any confidentiality provision, contained in this Agreement or any agreement between Executive and the Company, Berry Petroleum, or any of their subsidiaries or affiliates; (v) any act by Executive involving dishonesty relating to the business of the Company, Berry Petroleum, or any of their subsidiaries or affiliates that adversely and materially affects the business of the Company, Berry Petroleum, or any of their subsidiaries or affiliates; or (vi) a material breach by Executive of the Company's written code of ethics or any other material written policy or regulation of the Company, Berry Petroleum, or any of their subsidiaries or affiliates governing the conduct of its employees or contractors (which breach, if able to be cured, remains uncured or continues or recurs 30 days after written notice from the Board).

(b) "***Disability***" means the earlier of (a) written determination by a physician selected by the Company and reasonably agreed to by Executive that Executive has been unable to perform substantially his usual and customary duties under this Agreement for a period of at least 120 consecutive days or a non-consecutive period of 180 days during any 12-month period as a result of incapacity due to mental or physical illness or disease; and (b) "disability" as such term is defined in the Company's applicable long-term disability insurance plan. At any time and from time to time, upon reasonable request therefor by the Company, Executive will submit to reasonable medical examination for the purpose of determining the existence, nature and extent of any such disability. Any physician selected by the Company will be Board Certified in the appropriate field, will have no actual or potential conflict of interest, and may not be a physician who has been retained by the Company for any purpose within the prior three years.

(c) "***Good Reason***" means the occurrence of any of the following without Executive's written consent: (a) a material reduction in Executive's Base Salary; *provided, however*, that the Company may decrease Executive's Base Salary at any time and from time to time so long as such decreases do not exceed, in the aggregate, more than ten percent (10%) of Executive's Base Salary as in effect on the Effective Date and such decreases are part of similar reductions applicable to the Company's similarly situated executives and any such decrease shall not constitute Good Reason; (b) a permanent relocation of Executive's principal place of employment that results in an increase of more than thirty (30) miles in the distance between Executive's principal residence at the time of such relocation and Executive's principal place of employment; (c) any material breach by the Company of any material provision of this Agreement; (d) the Company's failure to obtain an agreement from any successor to the Company to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no succession had taken place, except where such assumption occurs by operation of law; or (e) a material diminution in the nature or scope of the Executive's authority or responsibilities from those applicable to Executive as of the Effective Date (or as modified thereafter consistent with this Agreement). Executive cannot terminate his employment for "Good Reason" unless he has provided written notice to the Company of the existence of the circumstances providing grounds for termination for Good Reason within ninety (90) days of the initial existence of such grounds and the Company has had at least thirty (30) days from the date on which such notice is provided to cure such circumstances. If Executive does not deliver a notice of termination for "Good Reason" within thirty (30) days after such cure period, then Executive will be deemed to have waived his right to terminate for "Good Reason.

(d) "***Sale of Berry Petroleum***" means the first to occur of:

(i) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "***Exchange Act***")) (a "***Person***") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of either (A) the then-outstanding equity interests of Berry Petroleum (the "***Outstanding Company Equity***") or (B) the combined voting power of the then-outstanding voting securities of Berry Petroleum entitled to vote generally in the election of directors (the "***Outstanding Company Voting Securities***"); *provided, however*, that, for purposes of this Section 8(d)(i), the following acquisitions will not constitute a Sale

of the Company: (1) any acquisition directly from Berry Petroleum (including, for avoidance of doubt, an initial public offering of Berry Petroleum stock), (2) any acquisition by Berry Petroleum, (3) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any affiliated company, or (4) any acquisition by any corporation or other entity pursuant to a transaction that complies with Section 8(d)(iii)(X), Section 8(d)(iii)(Y), or Section 8(d)(iii)(Z);

(ii) Any time at which individuals who, as of the date hereof, constitute the Board (the "***Incumbent Board***") cease for any reason to constitute at least a majority of the Board; *provided, however,* that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by Berry Petroleum's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board will be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Incumbent Board; or

(iii) Consummation of (A) a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving Berry Petroleum or any of its subsidiaries, (B) a sale or other disposition of assets of Berry Petroleum that have a total gross fair market value (*i.e.*, determined without regard to any liabilities associated with such assets) equal to or more than 75% of the total gross fair market value of all of the assets of Berry Petroleum immediately prior to such sale or other disposition, or (C) the acquisition of assets or equity interests of another entity by Berry Petroleum or any of its subsidiaries (each, a "***Business Combination***"), in each case unless, following such Business Combination, (X) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Equity and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding equity interests and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation or other entity that, as a result of such transaction, owns Berry Petroleum or all or substantially all of Berry Petroleum's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Equity and the Outstanding Company Voting Securities, as the case may be, (Y) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of Berry Petroleum or such corporation or other entity resulting from such Business Combination) beneficially owns, directly or indirectly, 50% or more of, respectively, the then-outstanding equity interests of the corporation or other entity resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation or other entity, except to the extent that such ownership existed prior to the Business Combination, and (Z) at least a majority of the members of the board of directors of the corporation or equivalent body of any other entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination.

9. Miscellaneous.

9.1 Assignment; Successors; Binding Agreement. This Agreement may not be assigned by either party, whether by operation of law or otherwise, without the prior written consent of the other party, except that any right, title or interest of the Company arising out of this Agreement may be assigned to any corporation or entity controlling, controlled by, or under common control with the Company, or succeeding to the business and substantially all of the assets of the Company. Subject to the foregoing, this Agreement will be binding upon and will inure to the benefit of the parties and their respective heirs, legatees, devisees, personal representatives, successors and assigns.

9.2 Modification and Waiver. Except as otherwise provided below, no provision of this Agreement may be modified, waived, or discharged unless such waiver, modification or discharge is duly approved by the Board and is agreed to in writing by Executive and such officer(s) as may be specifically authorized by the Board to effect it. No waiver by any party of any breach by any other party of, or of compliance with, any term or condition of this Agreement to be performed by any other party, at any time, will constitute a waiver of similar or dissimilar terms or conditions at that time or at any prior or subsequent time.

9.3 California State Income Taxes. During the Employment Term, the Company and Executive hereby agree to take all reasonable precautions to ensure that no amount payable to Executive under this Agreement is subject to California state income tax. If the Company pays Executive an amount under this Agreement that is determined to be subject to California state income tax (any such payment, a "***CA Taxable Payment***"), then the Company will pay Executive an additional amount (a "***Gross-Up Payment***") such that the net amount retained by Executive, after deduction of any California state income tax on the amount, and any Federal, state and local income and employment taxes on the Gross-Up Payment, equals the CA Taxable Payment. Except as otherwise provided in a written agreement between the Company and Executive, any determination required under this Section 9.3 will be made in good faith by the Company, and agreed to by Executive.

9.4 Entire Agreement. Except as provided in any signed written agreement contemporaneously or hereafter executed by the Company and Executive, this Agreement constitutes the entire agreement of the parties with regard to the subject matter hereof, and contains all the covenants, promises, representations, warranties and agreements between the parties with respect to the employment of Executive by the Company. Without limiting the scope of the preceding sentence, all understandings and agreements preceding the date of execution of this Agreement and relating to the subject matter hereof (including, for the avoidance of doubt, the Original Employment Agreement) are hereby null and void and of no further force and effect. For the avoidance of doubt, Executive acknowledges that the Company has fully and finally satisfied all obligations that it has had and may ever have under the Original Employment Agreement, as the Original Employment Agreement has been replaced in its entirety by this Agreement. In entering into this Agreement, Executive expressly acknowledges and agrees that Executive has received all sums and compensation that Executive has been owed or ever could be owed by the Company or any other member of the Company Group (including pursuant to any prior employment agreement between Executive and any member of the Company Group) for all services provided during periods prior to the date Executive signs this Agreement.

9.5 Governing Law. The validity, interpretation, construction and performance of this Agreement will be governed by the laws of the State of Delaware other than the conflict of laws provision thereof.

9.6 Consent to Jurisdiction; Service of Process; Waiver of Jury Trial. In the event of any dispute, controversy or claim between the Company or Berry Petroleum and Executive arising out of or relating to the interpretation, application or enforcement of the provisions of this Agreement, the Company, Berry Petroleum, and Executive agree and consent to the personal jurisdiction of the state and local courts of Dallas County, Texas and/or the United States District Court for the Northern District of Texas, Dallas Division for resolution of the dispute, controversy or claim, and that those courts, and only those courts, will have any jurisdiction to determine any dispute, controversy or claim related to, arising under or in connection with this Agreement. The Company, Berry Petroleum, and Executive also agree that those courts are convenient forums for the parties to any such dispute, controversy or claim and for any potential witnesses and that process issued out of any such court or in accordance with the rules of practice of that court may be served by mail or other forms of substituted service to the Company or Berry Petroleum at the address of their principal executive offices and to Executive at his last known address as reflected in the Company's records.

9.7 Withholding of Taxes. The Company will withhold from any amounts payable under the Agreement all federal, state, local or other taxes as legally will be required to be withheld.

9.8 Survival. Provisions of this Agreement will survive any termination of Executive's employment if so provided or if necessary or desirable to fully accomplish the purposes of the other surviving provisions, including, without limitation, the obligations of Executive under Sections 7 and 9 and the obligations of the Company under Sections 4, 6, and 9.3.

9.9 Notices. All notices, consents, waivers, and other communications under this Agreement must be in writing and will be deemed to have been duly given when (23) delivered by hand (with written confirmation of receipt), (23) sent by facsimile (with written confirmation of receipt), provided that a copy is mailed by registered mail, return receipt requested, or (23) when received by the addressee, if sent by a nationally recognized overnight delivery service (receipt requested), in each case to the appropriate addresses and facsimile numbers set forth below (or to such other addresses and facsimile numbers as a party may designate by notice to the other parties).

To the Company:

Berry Petroleum Company, LLC
Attn: Chief Legal Officer
5201 Truxtun Avenue
Bakersfield, CA 93309-0640

To Berry Petroleum:

Berry Petroleum Corporation
Attn: Chief Legal Officer
5201 Truxtun Avenue
Bakersfield, CA 93309-0640

To Executive:

At the address reflected in the Company's written records.

Addresses may be changed by written notice sent to the other party at the last recorded address of that party.

9.10 Attorneys' Fees. Should any party to this Agreement seek to enforce any of the provisions hereof or to protect his or its interest in any manner arising under this Agreement, or to recover damages for breach of this Agreement, the non-prevailing party in any action pursued in a court of competent jurisdiction (the finality of which is not legally contested) agrees to pay to the prevailing party all reasonable attorneys' fees, costs, and expenses expended or incurred in connection therewith.

9.11 Severability. The invalidity or unenforceability of any provision or provisions of this Agreement will not affect the validity or enforceability of any other provision of this Agreement, which will remain in full force and effect.

9.12 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument.

9.13 Headings. The headings used in this Agreement are for convenience only, do not constitute a part of the Agreement, and will not be deemed to limit, characterize, or affect in any way the provisions of the Agreement, and all provisions of the Agreement will be construed as if no headings had been used in the Agreement.

9.14 Construction. As used in this Agreement, unless the context otherwise requires: (23) the terms defined herein will have the meanings set forth herein for all purposes; (23) references to "Section" are to a section hereof; (23) "include," "includes" and "including" are deemed to be followed by "without limitation" whether or not they are in fact followed by such words or words of like import; (23) "writing," "written" and comparable terms refer to printing, typing, lithography and other means of reproducing words in a visible form; (23) "hereof," "herein," "hereunder" and comparable terms refer to the entirety of this Agreement and not to any particular section or other subdivision hereof or attachment hereto; (23) references to any gender include references to all genders; and (23) references to any agreement or other instrument or statute or regulation are referred to as amended or supplemented from time to time (and, in the case of a statute or regulation, to any successor provision).

9.15 Capacity; No Conflicts. Executive represents and warrants to the Company that: (23) he has full power, authority and capacity to execute and deliver this Agreement, and to perform his obligations hereunder, (23) such execution, delivery and performance will not (and with the giving of notice or lapse of time, or both, would not) result in the breach of any agreement or other obligation to which he is a party or is

otherwise bound, and (23) this Agreement is his valid and binding obligation, enforceable in accordance with its terms. Executive warrants and represents that he has actual authority to enter into this Agreement as the authorized act of the indicated entities.

[Signature page follows]

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first written above.

BERRY PETROLEUM COMPANY, LLC

By: **BERRY PETROLEUM CORPORATION, its sole member**

By: /s/ Brent Buckley
Name: Brent Buckley
Title: Chairman of the Board of Directors

EXECUTIVE

/s/ Arthur T. Smith
Arthur T. Smith

For the limited purposes set forth herein:

BERRY PETROLEUM CORPORATION

By: /s/ Brent Buckley
Name: Brent Buckley
Title: Chairman of the Board of Directors

AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT

This **AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT** ("***Agreement***") is entered into by and between Berry Petroleum Company, LLC, a Delaware limited liability company (the "***Company***"), and Cary D. Baetz ("***Executive***"), effective as of this 22 day of August, 2018 (the "***Effective Date***"). Berry Petroleum Corporation, a Delaware corporation and a 100% parent of the Company ("***Berry Petroleum***"), is joining in this Agreement for the limited purpose of reflecting its agreement to the matters set forth herein as to it, but such joinder is not intended to make Berry Petroleum the employer of Executive for any purpose. Certain capitalized terms used in this Agreement are defined in Section 8.

W I T N E S S E T H:

WHEREAS, the Company and Executive entered into that certain Executive Employment Agreement dated June 28, 2017 (the "***Original Employment Agreement***");

WHEREAS, the Company and Executive desire to amend and restate the Original Employment Agreement and enter into this Agreement, which supersedes and replaces the Original Employment Agreement in its entirety; and

WHEREAS, the Company desires to continue to employ Executive on the terms and conditions, and for the consideration, hereinafter set forth, and Executive desires to be employed by the Company on such terms and conditions and for such consideration.

NOW, THEREFORE, in consideration of the promises and mutual covenants set forth herein and for other good and valuable consideration, the parties hereto agree as follows:

1.Position and Duties.

1.1 Employment; Title; Reporting. Beginning on the Effective Date, the Company agrees to employ Executive and Executive agrees to be employed by the Company, upon the terms and subject to the conditions provided under this Agreement. During the Term (as defined in Section 2), Executive will serve each of the Company and Berry Petroleum as the Executive Vice President and Chief Financial Officer. Executive will report directly to the Company's Chief Executive Officer ("***CEO***").

1.2 Board Membership. Within a reasonable period following the Effective Date and at each annual meeting of the Company's stockholders prior to the Termination Date (as defined in Section 2), Berry Petroleum will nominate Executive to serve as a member of the Board of Directors of Berry Petroleum (including any committees thereof, the "***Board***"). Executive's service as a member of the Board will be subject to any required stockholder approval.

1.3 Duties. Executive will perform such duties and have such responsibilities as are typically associated with the position of Executive Vice President and Chief Financial Officer, including such duties and responsibilities as are prescribed by the CEO consistent with such position. Executive will devote substantially all of his full working time and attention to the business and affairs of the Company, will use his best efforts to promote the Company's interests, and will perform his duties and responsibilities faithfully, diligently and to the best of his ability, consistent with sound business practices. Executive will comply with the Company's policies, codes and procedures, as they may be in effect from time to time.

1.4 Place of Employment. Executive shall perform his duties under this Agreement from a remote location, or, as reasonably requested by the CEO, from the Company's offices in Dallas, Texas. Executive acknowledges and agrees that the performance of his duties hereunder will likely require substantial business travel.

2. Term of Employment.

The term of Executive's employment hereunder (the "***Term***") will begin on the Effective Date and will end on the date of Executive's termination of employment from the Company (the "***Termination Date***"). Executive hereby acknowledges and agrees that his employment with the Company is "at will" and that either the Company or Executive can terminate the employment relationship at any time, with or without notice, for any reason or for no reason, subject to Section 5.2. Upon termination of Executive's employment hereunder for any reason, Executive will be deemed to have resigned from all positions that Executive holds as an officer or member of the Board (or a committee thereof) of the Company, Berry Petroleum, or any of their subsidiaries or affiliates.

3. Compensation.

3.1 Base Salary. During the Term, Executive will be entitled to receive a base salary ("***Base Salary***") at an annual rate of $500,000, payable in accordance with Company's regular payroll practices.

3.2 Bonus Compensation. For each calendar year ending during the Employment Term, Executive will be eligible to earn an annual bonus (the "***Annual Incentive Bonus***"). The target Annual Incentive Bonus is equal to 100% of Base Salary (the "***Target Bonus Amount***") and the maximum Annual Incentive Bonus is equal to 200% of the Target Bonus Amount. The Target Bonus Amount will be reviewed annually by the Board and may be adjusted upward in the discretion of the Board or a committee thereof, but not downward. The actual amount of the Annual Incentive Bonus with respect to any calendar year will be determined by the Board or a committee thereof in its discretion based on Executive's and the Company's fulfillment of performance goals established by the Board or a committee thereof with respect to the applicable calendar year. The performance goals applicable to Executive's Annual Incentive Bonus for each calendar year during the Term will be established no later than March 31 of such calendar year. The Annual Incentive Bonus for any calendar year will (if and to the extent earned) be

paid no later than the March 15th following the completion of such calendar year. Except as provided in Section 5.2, Executive must remain continuously employed with the Company through the payment date of the Annual Incentive Bonus in order to receive such Annual Incentive Bonus.

3.3 Long-Term Incentive Awards. Executive will be eligible to receive annual equity awards ("***Annual Equity Awards***") as determined in the sole discretion of the Board (or a committee thereof). The actual grant date target value of any such Annual Equity Awards will be determined in the discretion of the Board (or a committee thereof) after taking into account the Company's and Executive's performance and other relevant factors, but it is contemplated that such Annual Equity Awards will have an aggregate grant date target value equal to Executive's Base Salary for the calendar year of grant, subject to the Board's (or a committee thereof) evaluation of Executive's performance and then current market compensatory levels and practices. It is further contemplated that the terms and conditions of the Annual Equity Awards (including, without limitation, the form of award(s), vesting schedule, performance objectives, restrictive provisions, etc.) will be the same as such terms and conditions applicable to the annual long-term incentive awards granted to other senior executive officers of the Company at the time of such grants. The Annual Equity Awards will be subject to the Second Amended and Restated Berry Petroleum Corporation 2017 Omnibus Incentive Plan (as amended, restated or otherwise modified from time to time) and will be memorialized in (and subject to the terms of) written award agreements approved by the Board (or a committee thereof).

4. Expenses and Other Benefits.

4.1 Reimbursement of Expenses. Executive will be entitled to receive prompt reimbursement for all reasonable expenses, including all reasonable travel expenses, incurred by him during the Term (in accordance with the policies and practices as may be established by the Company from time to time) in performing services under this Agreement, *provided that* Executive properly accounts for such expenses in accordance with the Company's policies as in effect from time to time. Without limiting or expanding the immediately preceding sentence, in connection with any travel by Executive in performing services under this Agreement, the Company will pay or reimburse Executive for (a) business class air travel (or first class if business class is not reasonably available) for flights with a scheduled flight time exceeding one (1) hour in duration, and (b) private ground transportation for ground travel that Executive reasonably expects will exceed one (1) hour in duration and, in his reasonable judgement, is necessary or appropriate.

4.2 Vacation. Executive will be entitled to paid vacation time each year during the Term that will accrue in accordance with the Company's policies and procedures now in force or as such policies and procedures may be modified with respect to all senior executive officers of the Company.

4.3 Other Employee Benefits. In addition to the foregoing, during the Term, Executive will be entitled to participate in and to receive benefits as a senior executive under all of the Company's employee benefit plans, programs and arrangements generally available to senior executives, subject to the eligibility criteria and other terms and conditions thereof, as such plans, programs and arrangements may be duly amended, terminated, approved or adopted by the Board from time to time.

5. Compensation Upon Termination.

5.1 Termination Generally. If Executive's employment hereunder terminates for any reason other than as described in Section 5.2 below, then all compensation and all benefits to Executive hereunder will terminate contemporaneously with such termination of employment, except that Executive will be entitled to (a) payment of all accrued and unpaid Base Salary to the Termination Date, (b) reimbursement for all incurred but unreimbursed expenses for which Executive is entitled to reimbursement in accordance with Section 4.1, (c) benefits to which Executive is entitled under the terms of any applicable benefit plan or program of the Company or an affiliate (such amounts set forth in (a), (b), and (c) are collectively referred to herein as the "***Accrued Rights***").

5.2 Termination by the Company without Cause or by Executive for Good Reason. If the Company terminates Executive's employment without Cause or Executive terminates his employment for Good Reason, then all compensation and all benefits to Executive hereunder will terminate contemporaneously with such termination of employment, except that Executive will be entitled to receive the Accrued Rights, which will be paid or provided (as applicable) to Executive at such time(s) as provided in Section 5.1, and, subject to Section 5.2(e), the severance benefits (the "***Severance Benefits***") set forth in clauses (a) through (d) below.

(a) *Unpaid Prior Year Annual Incentive Bonus*. The Company will pay Executive any unpaid Annual Incentive Bonus for the calendar year ending prior to the Termination Date, which amount will be payable (assuming the applicable performance goals were achieved) in a lump sum on or before the date such annual bonuses are paid to executives who have continued employment with the Company (but in no event earlier than sixty (60) days following the Date of Termination or, if earlier, March 15th of the calendar year following the calendar year ending prior to the Termination Date).

(b) *Prorated Current Year Annual Incentive Bonus*. The Company will pay Executive a bonus for the calendar year in which the Termination Date occurs in an amount measured by reference to the Annual Incentive Bonus for such year as determined by the Company in accordance with the criteria established pursuant to Section 3.2 and based on the Company's actual performance for such year, and prorated through and including the Termination Date (based on the ratio of the number of days Executive was employed by the Company during such year to the number of days in such year), payable in a lump sum on or before the date such annual bonuses are paid to executives who have continued employment with the Company (but in no event earlier than sixty (60) days following the Termination Date or, if earlier, March 15th of the year following the calendar year ending prior to the Termination Date).

(c) *Salary Continuation Payments*. Executive will be entitled to receive an amount equal to one (1) times (or in the event that Executive's Termination Date occurs during the period that begins immediately prior to a Sale of Berry Petroleum and ends on the twelve (12)-month anniversary of such Sale of Berry Petroleum (a "***Qualifying Termination***"), two (2) times) the sum of (i) Executive's Base Salary for the year in which the Termination Date occurs and (ii) Executive's Target Bonus Amount for the year in which such termination occurs. Such amount shall be paid by the Company to Executive in twelve (12) (or, in the case of a Qualifying Termination, twenty-four (24)) substantially equal monthly installments beginning on or promptly following the sixtieth (60th) day following the Termination Date (the "***Payment Date***"); *provided, however,* that to the extent, if any, that the aggregate amount of the installments of the payment described in this Section 5.2(c) that

would otherwise be paid pursuant to the preceding provisions of this Section 5.2(c) after March 15 of the calendar year following the calendar year in which the Termination Date occurs (the "***Applicable March 15***") exceeds the maximum exemption amount under Treasury Regulation Section 1.409A-1(b)(9)(iii)(A), then such excess shall be paid to Executive in a lump sum on the Applicable March 15 (or the first business day preceding the Applicable March 15 if the Applicable March 15 is not a business day) and the installments of the payment described in this Section 5.2(c) payable after the Applicable March 15 shall be reduced by such excess (beginning with the installment first payable after the Applicable March 15 and continuing with the next succeeding installment until the aggregate reduction equals such excess).

(d) *COBRA Reimbursement*. If Executive timely and properly elects continuation coverage under the Consolidated Omnibus Reconciliation Act of 1985 ("***COBRA***"), the Company shall reimburse Executive for the monthly COBRA premium paid by Executive for himself and his dependents. Any such reimbursement for the period prior to the Payment Date shall be paid to Executive in a lump sum on the Payment Date and any reimbursement for any month (or portion thereof) on and after the Payment Date shall be paid to Executive on the tenth (10^{th}) day of the month immediately following the month in which Executive timely remits the premium payment and provides evidence of such payment to the Company. Executive shall be eligible to receive such reimbursement until the earliest of: (i) the twelve (12)-month (or, in the case of a Qualifying Termination, the eighteen (18)-month) anniversary of the Termination Date; (ii) the date Executive is no longer eligible to receive COBRA continuation coverage; and (iii) the date on which Executive becomes eligible to receive substantially similar coverage from another employer (which date shall be promptly reported to the Company by Executive); *provided*, *however*, that the election of COBRA continuation coverage and the payment of any premiums due with respect to such COBRA continuation coverage shall remain Executive's sole responsibility, and the Company shall not assume any obligation for payment of any such premiums. In addition, if, following a Qualifying Termination, Executive is still receiving the continuation coverage described in this paragraph on the date that is eighteen (18) months after the Termination Date (the "***COBRA Payment Trigger Date***"), then, within thirty (30) days after the COBRA Payment Trigger Date, the Company shall pay to Executive a lump sum cash payment equal to the lesser of (a) the applicable dollar amount under Section 402(g)(1)(B) of the Internal Revenue Code of 1986, as amended (the "***Code***"), for the year in which the Termination Date occurs or (b) six (6) times the premium paid by Executive for such coverage for the last month of the eighteen (18)-month period during which Executive received the continuation coverage described in this paragraph. Notwithstanding the foregoing, if the provision of the benefits described in this paragraph cannot be provided in the manner described above without penalty, tax or other adverse impact on the Company or any other member of the Company Group, then the Company and Executive agree to reform this Section 5.2(d) in a manner as is necessary to avoid such adverse impact on the Company or any other member of the Company Group.

(e) *Release Requirement; Continuing Obligations*. Any obligation of the Company to pay any amount set forth in Section 5.2(a), (b), (c), or (d) is conditioned upon Executive: (i) timely signing and returning to the Company (and not revoking within any time provided by the Company to do so), in the time provided by the Company to do so, a release of claims in favor of the Company, its affiliates and their respective officers and directors in a form substantially similar to that attached as Exhibit A to this Agreement (the "***Release***"), and (ii) Executive's continued compliance with the terms of this Agreement that survive termination of Executive's employment, including, without limitation, the continuing terms of Section 7. If, following a termination of employment that gives Executive a right to Severance Benefits under Section 5.2, Executive violates in any material respect any of the covenants in Section 7 or otherwise violates terms of the Release, Executive will have no further right or claim to any payments or other benefits to which Executive may otherwise be entitled under Section 5.2 from and after the date on which Executive engages in such activities and the Company will have no further obligations with respect to such payments or benefits, and the covenants in Section 7 will nevertheless continue in full force and effect.

For avoidance of doubt, the following termination events will not be deemed to be a termination "without Cause": (a) Executive's death; (b) Executive's termination of employment on account of Executive's Disability; (c) the transfer of Executive's employment to another member of the Company Group, *provided* such member assumes and agrees to be bound by this Agreement; or (d) the transfer of Executive's employment to any successor or assign (whether direct or indirect, by purchase, merger, consolidation, or otherwise) to all or substantially all of the business or assets of the Company, *provided* such successor or assign assumes and agrees to be bound by this Agreement.

5.3 Non-Duplication of Severance Benefits. In no event will Executive be entitled to any payments in the nature of severance or termination payments except as specifically provided in this Section 5.

6. Indemnification. If Executive is made a party or threatened to be made a party to any action, suit, or proceeding, whether civil, criminal, administrative, or investigative (a "***Proceeding***"), other than any Proceeding initiated by Executive, Berry Petroleum, or the Company related to any contest or dispute between Executive and Berry Petroleum or the Company or any of their subsidiaries or affiliates with respect to this Agreement or Executive's employment hereunder, by reason of the fact that Executive is or was a director or officer of Berry Petroleum or the Company, or any subsidiary or affiliate of Berry Petroleum or the Company, or is or was serving at the request of Berry Petroleum or the Company as a director, officer, member, employee, or agent of another corporation or a partnership, joint venture, trust, or other enterprise, Executive will be indemnified and held harmless by Berry Petroleum and the Company to the maximum extent permitted under applicable law and, as applicable, Berry Petroleum's or the Company's organizational documents, from and against any liabilities, costs, claims, and expenses, including all costs and expenses incurred in defense of any Proceeding (including reasonable attorneys' fees).

7. Restrictive Covenants.

7.1 Confidential Information.

(a) *Confidentiality*. Executive hereby acknowledges that in connection with his employment by the Company, he will be exposed to and may obtain certain Confidential Information (as defined below) (including, without limitation, procedures, memoranda, notes, records and customer and supplier lists whether such information has been or is made, developed or compiled by Executive or otherwise has been or is made available to him) regarding the business and operations of the Company and its subsidiaries and affiliates (collectively, the "***Company Group***"). Executive further acknowledges that such Confidential Information is unique, valuable, considered trade secrets and deemed proprietary by the Company Group. For purposes of this Agreement, "***Confidential Information***" includes, without limitation, any information heretofore or hereafter acquired, developed or used by any member of the Company Group relating to Business Opportunities (defined below) or Intellectual Property (defined below) or other geological, geophysical, economic, financial or management aspects of the business, operations, properties or prospects of the members of the Company Group, whether oral or in written form. Executive agrees that all Confidential Information is and will remain the property of the Company Group. Executive further agrees, except for disclosures occurring in

the good faith performance of his duties for the Company, Executive will, for the duration of the Term, hold in the strictest confidence all Confidential Information, and will not, during the Term and for a period of five years after the Termination Date, directly or indirectly, duplicate, sell, use, lease, commercialize, disclose or otherwise divulge to any person or entity any portion of the Confidential Information or use any Confidential Information, directly or indirectly, for his own benefit or profit or allow any person, entity or third party, other than the Company or other member of the Company Group and authorized Executives of the same, to use or otherwise gain access to any Confidential Information. Executive will have no obligation under this Agreement with respect to any information that becomes generally available to the public other than as a result of a disclosure by Executive or his agent or other representative or becomes available to Executive on a non-confidential basis from a source other than a member of the Company Group. Further, Executive will have no obligation under this Agreement to keep confidential any of the Confidential Information to the extent that a disclosure of it is required by law or is consented to by the Company; *provided, however,* that if and when such a disclosure is required by law, Executive promptly will provide the Company with notice of such requirement, so that the Company may seek an appropriate protective order.

(b) *Government Agency Provisions*. Executive understands that nothing contained in this Agreement limits Executive's ability to file a charge or complaint with the Securities and Exchange Commission ("***SEC***") or other governmental agency. Executive further understands that this Agreement does not limit Executive's ability to communicate with the SEC or any other governmental agency or otherwise participate in any investigation or proceeding that may be conducted by the SEC or such other agency, including providing documents or other information, without notice to the Company. This Agreement does not limit Executive's right to receive an award for information provided to the SEC.

(c) *Trade Secrets*. The parties specifically acknowledge that 18 U.S.C. § 1833(b) provides: "An individual will not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret (i) made in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney and solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal." Nothing in this Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. § 1833(b). Accordingly, notwithstanding anything to the contrary in the foregoing, the parties to this Agreement have the right to disclose in confidence trade secrets to federal, state, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law.

7.2 Return of Property. Executive agrees to deliver promptly to the Company, upon termination of his employment hereunder, or at any other time when the Company so requests, all documents in his possession relating to the business of the Company Group, including without limitation: all geological and geophysical reports and related data such as maps, charts, logs, seismographs, seismic records and other reports and related data, calculations, summaries, memoranda and opinions relating to the foregoing, production records, electric logs, core data, pressure data, lease files, well files and records, land files, abstracts, title opinions, title or curative matters, contract files, notes, records, drawings, manuals, correspondence, financial and accounting information, customer lists, statistical data and compilations, patents, copyrights, trademarks, trade names, inventions, formulae, methods, processes, agreements, contracts, manuals or any documents relating to the business of the Company Group and all copies thereof and therefrom; *provided, however*, that Executive will be permitted to retain copies of any documents or materials of a personal nature or otherwise related to Executive's rights under this Agreement, copies of this Agreement and any attendant or ancillary documents specifically including any documents referenced in this Agreement and copies of any documents related to Executive's equity-based incentive awards and other compensation.

7.3 Non-Compete Obligations.

(a) *Non-Compete Obligations During the Term.* Executive agrees that, during the Term:

(i) Executive will not, other than through the Company or Berry Petroleum, engage or participate in any manner, whether directly or indirectly as an employee, employer, consultant, agent, principal, partner, more than 1% shareholder, officer, director, licensor, lender, lessor or in any other individual or representative capacity, in any business or activity which is engaged in direct competition anywhere in the United States with the Company, Berry Petroleum, or any of their direct or indirect subsidiaries, in each case in the leasing, acquiring, exploring, producing, gathering or marketing of hydrocarbons and related products; and

(ii) Executive will not (directly or indirectly through any family members or other persons) invest or otherwise participate alongside the Company, Berry Petroleum, or their direct or indirect subsidiaries, in any Business Opportunity (defined below).

Notwithstanding the foregoing, nothing in this Section 7.3(a) will be deemed to prohibit Executive from owning, or otherwise having an interest in, less than 1% of any publicly owned entity or 3% or less of any private equity fund or similar investment fund that invests in any business or activity engaged in any of the activities set forth above, provided that Executive has no active role with respect to any investment by such fund in any entity.

(b) *Non-Compete Obligations After Termination Date.* Executive agrees that some restrictions on Executive's activities after Executive's employment are necessary to protect the goodwill, Confidential Information, and other legitimate interests of the Company, Berry Petroleum, and their direct and indirect subsidiaries. The Company has and following the Effective Date the Company will provide Executive with access to and knowledge of Confidential Information and trade secrets and will place Executive in a position of trust and confidence with the Company, and Executive will benefit from the Company's goodwill. The restrictive covenants below are necessary to protect the Company's and Berry Petroleum's legitimate business interests in their Confidential Information, trade secrets and goodwill. Executive further understands and acknowledges that the Company's and Berry Petroleum's ability to reserve these for the exclusive knowledge and use of the Company and Berry Petroleum is of great competitive importance and commercial value to the Company and Berry Petroleum and that the Company and Berry Petroleum would be irreparably harmed if Executive violates the restrictive covenants below. In recognition of the consideration provided to Executive as well as the imparting to Executive of Confidential Information, including trade secrets, and for other good and valuable consideration, Executive hereby agrees that Executive will not, during the Restricted Period, engage or participate in any manner, whether directly or indirectly as an employee, employer, consultant, agent principal, partner, more than 1% shareholder, officer, director, licensor, lender, lessor, or in any other individual or representative capacity, in any business or activity which is in direct competition

with the Company, Berry Petroleum, or their direct or indirect subsidiaries, in each case in the leasing, acquiring, exploring, producing, gathering or marketing of hydrocarbons and related products within the boundaries of, or within a ten-mile radius of the boundaries of, any mineral property interest of any of the Company, Berry Petroleum, or their direct or indirect subsidiaries (including, without limitation, a mineral lease, overriding royalty interest, production payment, net profits interest, mineral fee interest or option or right to acquire any of the foregoing, or an area of mutual interest as designated pursuant to contractual agreements between the Company or any direct or indirect subsidiary, and any third party) or any other property on which any of the Company, Berry Petroleum, or their direct or indirect subsidiaries has an option, right, license or authority to conduct or direct exploratory activities, such as three-dimensional seismic acquisition or other seismic, geophysical and geochemical activities (but not including any preliminary geological mapping), as of the Termination Date or as of the end of the six-month period following such Termination Date; *provided*, *that*, this Section 7.3(b) will not preclude Executive from making investments in securities of oil and gas companies which are registered on a national stock exchange, if the aggregate amount owned by Executive and all family members and affiliates does not exceed 3% of such company's outstanding securities.

7.4 Non-Solicitation. During the Term and the Restricted Period, Executive agrees and covenants that he will not, whether for his own account or for the account of any other person (other than a member of the Company Group), intentionally (a) solicit, hire, recruit, attempt to hire or recruit, or induce the termination of employment or service of any Executive or other service provider of the Company Group (including any independent sales representatives), or (b) solicit, contact (including but not limited to e-mail, regular mail, express mail, telephone, fax, and instant message), attempt to contact, or meet with the Company's current, former or prospective clients, vendors or customers for purposes of offering or accepting goods or services similar to or competitive with those offered by the Company Group.

7.5 Assignment of Developments. Executive assigns and agrees to assign without further compensation to the Company and its successors, assigns or designees, all of Executive's right, title and interest in and to all Business Opportunities and Intellectual Property (as those terms are defined below), and further acknowledges and agrees that all Business Opportunities and Intellectual Property constitute the exclusive property of the Company.

For purposes of this Agreement, "***Business Opportunities***" means all business ideas, prospects, proposals or other opportunities pertaining to the lease, acquisition, exploration, production, gathering or marketing of hydrocarbons and related products and the exploration potential of geographical areas on which hydrocarbon exploration prospects are located, which are developed by Executive during the Term, or originated by any third party and brought to the attention of Executive during the Term, together with information relating thereto (including, without limitation, geological and seismic data and interpretations thereof, whether in the form of maps, charts, logs, seismographs, calculations, summaries, memoranda, opinions or other written or charted means).

For purposes of this Agreement, "***Intellectual Property***" will mean all ideas, inventions, discoveries, processes, designs, methods, substances, articles, computer programs and improvements (including, without limitation, enhancements to, or further interpretation or processing of, information that was in the possession of Executive prior to the date of this Agreement), whether or not patentable or copyrightable, which do not fall within the definition of Business Opportunities, which Executive discovers, conceives, invents, creates or develops, alone or with others, during the Term, if such discovery, conception, invention, creation or development (1) occurs in the course of Executive's employment with the Company, or (1) occurs with the use of any of the time, materials or facilities of the Company or its direct or indirect subsidiaries, or (1) in the good faith judgment of the CEO, relates or pertains in any material way to the purposes, activities or affairs of the Company Group.

7.6 Injunctive Relief. Executive acknowledges that a breach of any of the covenants contained in this Section 7 may result in material, irreparable injury to the Company for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of such a breach or threat of breach, the Company will be entitled to obtain a temporary restraining order and/or a preliminary or permanent injunction restraining Executive from engaging in activities prohibited by this Section 7 or such other relief as may be required to specifically enforce any of the covenants in this Section 7.

7.7 Adjustment of Covenants. The parties consider the covenants and restrictions contained in this Section 7 to be reasonable. However, if and when any such covenant or restriction is found to be void or unenforceable and would have been valid had some part of it been deleted or had its scope of application been modified, such covenant or restriction will be deemed to have been applied with such modification as would be necessary and consistent with the intent of the parties to have made it valid, enforceable and effective.

7.8 Forfeiture Provision. If Executive engages in any activity that violates any covenant or restriction contained in this Section 7, in addition to any other remedy the Company may have at law or in equity, (a) Executive will be entitled to no further payments or benefits from the Company under this Agreement or otherwise, except for any payments or benefits required to be made or provided under applicable law, and (b) all forms of long-term incentive compensation (whether cash or equity-based) held by or credited to Executive will terminate effective as of the date on which Executive engages in that activity, unless terminated sooner by operation of another term or condition of this Agreement or other applicable plans and agreements.

8. Definition of Terms. The following terms referred to in this Agreement will have the following meanings:

8.1 "***Cause***" means any of the following: (a) Executive's repeated failure to fulfill substantially his material obligations with respect to his employment (which failure, if able to be cured, remains uncured or continues or recurs thirty (30) days after written notice from the CEO or the Board); (b) Executive's conviction of or plea of guilty or *nolo contendere* to a felony or to a crime involving moral turpitude resulting in material financial or reputational harm to the Company, Berry Petroleum, or any of their subsidiaries or affiliates; (iii) Executive's engaging in conduct that constitutes gross negligence or gross misconduct in carrying out his duties with respect to his employment hereunder; (iv) a material violation by Executive of any non-competition or non-solicitation provision, or of any confidentiality provision, contained in this Agreement or any agreement between Executive and the Company, Berry Petroleum, or any of their subsidiaries or affiliates; (v) any act by Executive involving dishonesty relating to the business of the Company, Berry Petroleum, or any of their subsidiaries or affiliates that adversely and materially affects the business of the Company, Berry Petroleum, or any of their subsidiaries or affiliates; or (vi) a material breach by Executive of the Company's written code of ethics or any other material written policy or regulation of the Company, Berry Petroleum, or any of their subsidiaries or affiliates governing the conduct of its employees or contractors (which breach, if able to be cured, remains uncured or continues or recurs 30 days after written notice from the CEO or the Board).

8.2 "***Disability***" means Executive is unable to perform the essential functions of the position, even with reasonable accommodation, for four (4) months in any twelve (12) month period and there is no vacant position to which Executive could be transferred for which Executive is qualified.

8.3 "***Good Reason***" means the occurrence of any of the following without Executive's consent: (a) a material reduction in Executive's Base Salary; provided, however, that the Company may decrease Executive's Base Salary at any time and from time to time so long as such decreases do not exceed, in the aggregate, more than ten percent (10%) of Executive's Base Salary as in effect on the Effective Date and such decreases are part of similar reductions applicable to the Company's similarly situated executives and any such decrease shall not constitute Good Reason; (b) a permanent relocation of Executive's principal place of employment that results in an increase of more than thirty (30) miles in the distance between Executive's principal residence at the time of such relocation and Executive's principal place of employment; (c) any material breach by the Company of any material provision of this Agreement; (d) the Company's failure to obtain an agreement from any successor to the Company to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no succession had taken place, except where such assumption occurs by operation of law; or (e) a material diminution in the nature or scope of the Executive's authority or responsibilities from those applicable to Executive as of the Effective Date (or as modified thereafter consistent with this Agreement). Executive cannot terminate his employment for "Good Reason" unless he has provided written notice to the Company of the existence of the circumstances providing grounds for termination for Good Reason within ninety (90) days of the initial existence of such grounds and the Company has had at least thirty (30) days from the date on which such notice is provided to cure such circumstances. If Executive does not deliver a notice of termination for "Good Reason" within thirty (30) days after such cure period, then Executive will be deemed to have waived his right to terminate for "Good Reason."

8.4 "***Restricted Period***" means (a) in the case of a Qualifying Termination, the twenty-four (24) month period beginning on the Termination Date and (b) in all other cases, the eighteen (18) month period beginning on the Termination Date.

8.5 "***Sale of Berry Petroleum***" means the first to occur of:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "***Exchange Act***")) (a "***Person***") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of either (i) the then-outstanding equity interests of Berry Petroleum (the "***Outstanding Company Equity***") or (ii) the combined voting power of the then-outstanding voting securities of Berry Petroleum entitled to vote generally in the election of directors (the "***Outstanding Company Voting Securities***"); *provided, however*, that, for purposes of this Section 8.5, the following acquisitions will not constitute a Sale of Berry Petroleum: (A) any acquisition directly from Berry Petroleum (including, for avoidance of doubt, an initial public offering of Berry Petroleum stock), (B) any acquisition by Berry Petroleum, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any affiliated company, or (4) any acquisition by any corporation or other entity pursuant to a transaction that complies with Section 8.5(c)(iii)(A), Section 8.5(c)(ii)(B), or Section 8.5(c)(iii)(C);

(b) Any time at which individuals who, as of the date hereof, constitute the Board (the "***Incumbent Board***") cease for any reason to constitute at least a majority of the Board; *provided, however,* that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by Berry Petroleum's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board will be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Incumbent Board; or

(c) Consummation of (i) a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving Berry Petroleum or any of its subsidiaries, (ii) a sale or other disposition of assets of Berry Petroleum that have a total gross fair market value (*i.e.*, determined without regard to any liabilities associated with such assets) equal to or more than 75% of the total gross fair market value of all of the assets of Berry Petroleum immediately prior to such sale or other disposition, or (iii) the acquisition of assets or equity interests of another entity by Berry Petroleum or any of its subsidiaries (each, a "***Business Combination***"), in each case unless, following such Business Combination, (A) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Equity and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding equity interests and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation or other entity that, as a result of such transaction, owns Berry Petroleum or all or substantially all of Berry Petroleum's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Equity and the Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of Berry Petroleum or such corporation or other entity resulting from such Business Combination) beneficially owns, directly or indirectly, 50% or more of, respectively, the then-outstanding equity interests of the corporation or other entity resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation or other entity, except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority of the members of the board of directors of the corporation or equivalent body of any other entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination.

9. Miscellaneous.

9.1 No Conflicting Agreements. Executive hereby represents and warrants that the execution of this Agreement and the performance of his obligations hereunder will not breach or be in conflict with any other agreement to which Executive is a party or is bound, and that Executive is not now subject to any covenants against competition or similar covenants or any other obligations to any person or to any court order, judgment or decree that would affect the performance of his obligations hereunder. Executive will not disclose to or use on behalf of the Company any proprietary information of a third-party without such party's consent.

9.2 Assignment; Successors; Binding Agreement. This Agreement is personal to Executive and may not be assigned by Executive, whether by operation of law or otherwise, without the prior written consent of the Company. The Company may assign this Agreement to any member of the Company Group or to any successor or assign (whether direct or indirect, by purchase, merger, consolidation, or otherwise) to all or substantially all of the business or assets of the Company. This Agreement shall inure to the benefit of the Company and its permitted successors and assigns.

9.3 California State Income Taxes. During the Employment Term, the Company and Executive hereby agree to take all reasonable precautions to ensure that no amount payable to Executive under this Agreement is subject to California state income tax. If the Company pays Executive an amount under this Agreement that is determined to be subject to California state income tax (any such payment, a "***CA Taxable Payment***"), then the Company will pay Executive an additional amount (a "***Gross-Up Payment***") such that the net amount retained by Executive, after deduction of any California state income tax on the amount, and any Federal, state and local income and employment taxes on the Gross-Up Payment, equals the CA Taxable Payment. Any determination required under this Section 9.3 will be made in good faith by the Company.

9.4 Modification and Waiver. Except as otherwise provided below, no provision of this Agreement may be modified, waived, or discharged unless such waiver, modification or discharge is agreed to in writing by Executive and the Company. No waiver by any party of any breach by any other party of, or of compliance with, any term or condition of this Agreement to be performed by any other party, at any time, will constitute a waiver of similar or dissimilar terms or conditions at that time or at any prior or subsequent time.

9.5 Entire Agreement. Except as provided in any signed written agreement contemporaneously or hereafter executed by the Company and Executive, this Agreement constitutes the entire agreement of the parties with regard to the subject matter hereof, and contains all the covenants, promises, representations, warranties and agreements between the parties with respect to the employment of Executive by the Company. Without limiting the scope of the preceding sentence, all understandings and agreements preceding the date of execution of this Agreement and relating to the subject matter hereof (including, for the avoidance of doubt, the Original Employment Agreement) are hereby null and void and of no further force and effect. For the avoidance of doubt, Executive acknowledges that the Company has fully and finally satisfied all obligations that it has had and may ever have under the Original Employment Agreement, as the Original Employment Agreement has been replaced in its entirety by this Agreement. In entering into this Agreement, Executive expressly acknowledges and agrees that Executive has received all sums and compensation that Executive has been owed or ever could be owed by the Company or any other member of the Company Group (including pursuant to any prior employment agreement between Executive and any member of the Company Group) for all services provided during periods prior to the date Executive signs this Agreement.

9.6 Governing Law. The validity, interpretation, construction and performance of this Agreement will be governed by the laws of the State of Delaware other than the conflict of laws provision thereof.

9.7 Consent to Jurisdiction; Service of Process; Waiver of Jury Trial. In the event of any dispute, controversy or claim between the Company and Executive arising out of or relating to the interpretation, application or enforcement of the provisions of this Agreement, the Company and Executive agree and consent to the personal jurisdiction of the state and local courts of Dallas County, Texas and/or the United States District Court for the Northern District of Texas for resolution of the dispute, controversy or claim, and that those courts, and only those courts, will have any jurisdiction to determine any dispute, controversy or claim related to, arising under or in connection with this Agreement. The Company and Executive also agree that those courts are convenient forums for the parties to any such dispute, controversy or claim and for any potential witnesses and that process issued out of any such court or in accordance with the rules of practice of that court may be served by mail or other forms of substituted service to the Company at the address of their principal Executive offices and to Executive at his last known address as reflected in the Company's records.

9.8 Withholding of Taxes. The Company will withhold from any amounts payable under the Agreement all federal, state, local or other taxes as legally will be required to be withheld.

9.9 Survival. Provisions of this Agreement will survive any termination of Executive's employment if so provided or if necessary or desirable to fully accomplish the purposes of the other surviving provisions, including without limitation Sections 5, 7 and 9.

9.10 Notices. All notices, consents, waivers, and other communications under this Agreement must be in writing and be delivered personally or sent by registered or certified mail, return receipt requested, or by overnight carrier to the parties at the addresses set forth below (or such other addresses as specified by the parties by like notice):

To the Company:

Berry Petroleum Company, LLC
Attn: General Counsel
5201 Truxtun Avenue, Suite 100
Bakersfield, CA 93309-0640

To Berry Petroleum:

Berry Petroleum Corporation
Attn: General Counsel
5201 Truxtun Avenue, Suite 100
Bakersfield, CA 93309-0640

To Executive:

At the address reflected in the Company's written records.

9.11 Severability. The invalidity or unenforceability of any provision or provisions of this Agreement will not affect the validity or enforceability of any other provision of this Agreement, which will remain in full force and effect.

9.12 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument.

9.13 Headings. The headings used in this Agreement are for convenience only, do not constitute a part of the Agreement, and will not be deemed to limit, characterize, or affect in any way the provisions of the Agreement, and all provisions of the Agreement will be construed as if no headings had been used in the Agreement.

9.14 Construction. As used in this Agreement, unless the context otherwise requires: (1) the terms defined herein will have the meanings set forth herein for all purposes; (1) references to "Section" are to a section hereof; (1) "include," "includes" and "including" are deemed to be followed by "without limitation" whether or not they are in fact followed by such words or words of like import; (1) "writing," "written" and comparable terms refer to printing, typing, lithography and other means of reproducing words in a visible form; (1) "hereof," "herein," "hereunder" and comparable terms refer to the entirety of this Agreement and not to any particular section or other subdivision hereof or attachment hereto; (1) references to any gender include references to all genders; and (1) references to any agreement or other instrument or statute or regulation are referred to as amended or supplemented from time to time (and, in the case of a statute or regulation, to any successor provision).

9.15 Capacity; No Conflicts. Executive represents and warrants to the Company that: (1) he has full power, authority and capacity to execute and deliver this Agreement, and to perform his obligations hereunder, (1) such execution, delivery and performance will not (and with the giving of notice or lapse of time, or both, would not) result in the breach of any agreement or other obligation to which he is a party or is otherwise bound, and (1) this Agreement is his valid and binding obligation, enforceable in accordance with its terms.

9.16 Sections 280G and 409A of the Code. Notwithstanding anything in this Agreement to the contrary:

(a) If any of the payments or benefits received or to be received by Executive (including, without limitation, any payment or benefits received in connection with a Sale of Berry Petroleum or Executive's termination of employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement, or otherwise) (all such payments collectively referred to herein as the "***280G Payments***") constitute "parachute payments" within the meaning of Section 280G of the Code and would, but for this Section 9.16(a), be subject to the excise tax imposed under Section 4999 of the Code (the "***Excise Tax***"), then prior to making the 280G Payments, a calculation will be made comparing (1) the Net Benefit (as defined below) to Executive of the 280G Payments after payment of the Excise Tax to (1) the Net Benefit to Executive if the 280G Payments are limited to the extent necessary to avoid being subject to the Excise Tax. Only if the amount calculated under (i) above is less than the amount under (ii) above will the 280G Payments be reduced to the minimum extent necessary to ensure that no portion of the 280G Payments is subject to the Excise Tax. "***Net Benefit***" will mean the present value of the 280G Payments net of all federal, state, local, foreign income, employment, and excise taxes. Any reduction made pursuant to this Section 9.16(a) will be made in a manner determined by the Company that is consistent with the requirements of Section 409A of the Code and that maximizes Executive's economic position and after-tax income; for the avoidance of doubt, Executive will not have any discretion in determining the manner in which the payments and benefits are reduced.

(b) If any benefits payable or otherwise provided under this Agreement would be deemed to constitute non-qualified deferred compensation subject to Section 409A of the Code, the Company will have the discretion to adjust the terms of such payment or benefit (but not the amount or value thereof) as reasonably necessary to comply with the requirements of Section 409A of the Code to avoid the imposition of any excise tax or other penalty with respect to such payment or benefit under Section 409A of the Code.

(c) Any expense reimbursement payable to Executive under the terms of this Agreement will be paid on or before March 15 of the calendar year following the calendar year in which such reimbursable expense was incurred. The amount of such reimbursements that the Company is obligated to pay in any given calendar year will not affect the amount the Company is obligated to pay in any other calendar year. In addition, Executive may not liquidate or exchange the right to reimbursement of such expenses for any other benefits.

(d) Notwithstanding anything in this Agreement to the contrary, in the event that Executive is a "specified employee" (as determined under Section 409A of the Code) at the time of the separation from service triggering the payment or provision of benefits, any payment or benefit under this Agreement which is determined to provide for a deferral of compensation pursuant to Section 409A of the Code will not commence being paid or made available to Executive until after six months from the Termination Date that constitutes a separation from service within the meaning of Section 409A of the Code.

[Signature page follows]

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first written above.

BERRY PETROLEUM COMPANY, LLC

By: **BERRY PETROLEUM CORPORATION, its sole member**

By: /s/ Arthur T. Smith__

Name: Arthur T. Smith
Title: President and Chief Executive Officer

EXECUTIVE

/s/ Cary D. Baetz
Cary D. Baetz

For the limited purposes set forth herein:

BERRY PETROLEUM CORPORATION

By: /s/ Arthur T. Smith
Name: Arthur T. Smith
Title: President and Chief Executive Officer

Form of Release and Waiver of Claims Agreement

This Release and Waiver of Claims Agreement ("***Release***") is entered into by and between Berry Petroleum Company, LLC, a Delaware limited liability company (the "***Employer***"), on behalf of itself, its subsidiaries and other corporate affiliates and each of their respective executives, officers, directors, owners, shareholders and agents (collectively referred to herein as the "***Employer Group***"), and Cary D. Baetz ("***Executive***") (the Employer and the Executive are collectively referred to herein as the "***Parties***") as of [_____] (the "***Execution Date***").

1. Release.

(a) General Release and Waiver of Claims. In exchange for the consideration provided in this Release, the Executive and his/her heirs, executors, representatives, agents, insurers, administrators, successors and assigns (collectively the "***Releasors***") irrevocably and unconditionally fully and forever waive, release and discharge the Employer Group, including each member of the Employer Group's parents, subsidiaries, affiliates, predecessors, successors and assigns, and all of their respective officers, directors, employees, shareholders, and partners, in their corporate and individual capacities (collectively, the "***Releasees***") from any and all claims, demands, actions, causes of actions, obligations, judgments, rights, fees, damages, debts, obligations, liabilities and expenses (inclusive of attorneys' fees) of any kind whatsoever (collectively, "***Claims***"), whether known or unknown, from the beginning of time to the date of the Executive's execution of this Release, including, without limitation, any Claims under any federal, state, local or foreign law, that Releasors may have, have ever had or may in the future have arising out of, or in any way related to the Executive's hire, benefits, employment, termination or separation from employment with the Employer Group and any actual or alleged act, omission, transaction, practice, conduct, occurrence or other matter, including, but not limited to (i) any and all claims under Title VII of the Civil Rights Act, as amended, the Americans with Disabilities Act, as amended, the Family and Medical Leave Act, as amended, the Fair Labor Standards Act, the Equal Pay Act, as amended, the Executive Retirement Income Security Act, as amended (with respect to unvested benefits), the Civil Rights Act of 1991, as amended, Section 1981 of U.S.C. Title 42, the Sarbanes-Oxley Act of 2002, as amended, the Worker Adjustment and Retraining Notification Act, as amended, the National Labor Relations Act, as amended, the Age Discrimination in Employment Act, as amended, the Genetic Information Nondiscrimination Act of 2008, and/or any other Federal, state, local or foreign law (statutory, regulatory or otherwise) that may be legally waived and released; and (ii) any tort, contract and/or quasi-contract law, including but not limited to claims of wrongful discharge, defamation, emotional distress, tortious interference with contract, invasion of privacy, nonphysical injury, personal injury or sickness or any other harm. However, this general release of claims excludes, and the Executive does not waive, release or discharge (i) any right to file an administrative charge or complaint with the Equal Employment Opportunity Commission or other administrative agency; (ii) claims under state workers' compensation or unemployment laws; (iii) indemnification rights the Executive has against the Employer, (iv) claims under the Amended and Restated Executive Employment Agreement between the Executive and the Employer dated August 22, 2018, and/or (v) any other claims that cannot be waived by law. Further, nothing in this Release prevents Executive from making any report to or communication with any governmental or regulatory agency, entity, or official(s) (collectively, "***Governmental Authorities***") that is protected by any applicable law (including any applicable whistleblower law) or participating in any investigation or proceeding conducted by any Governmental Authority. This Release does not limit Executive's right to receive an award from a Governmental Authority for information provided to any Governmental Authority.

(b) Specific Release of ADEA Claims. In further consideration of the payments and benefits provided to the Executive in this Release, the Releasors hereby irrevocably and unconditionally fully and forever waive, release and discharge the Releasees from any and all Claims, whether known or unknown, from the beginning of time to the date of the Executive's execution of this Release arising under the Age Discrimination in Employment Act ("***ADEA***"), as amended, and its implementing regulations. By signing this Release, the Executive hereby acknowledges and confirms that: (i) the Executive has read this Release in its entirety and understands all of its terms; (ii) the Executive has

been advised of and has availed him/herself of his/her right to consult with his/her attorney prior to executing this Release; (iii) the Executive knowingly, freely and voluntarily assents to all of the terms and conditions set out in this Release including, without limitation, the waiver, release and covenants contained herein; (iv) the Executive is executing this Release, including the waiver and release, in exchange for good and valuable consideration in addition to anything of value to which he is otherwise entitled; (v) the Executive was given at least [twenty-one (21)/forty-five (45)] days to consider the terms of this Release and consult with an attorney of his/her choice, although he may sign it sooner if desired; (vi) the Executive understands that he has seven (7) days from the date he signs this Release to revoke the release in this paragraph by delivering notice of revocation to [NAME] at the Employer, [EMPLOYER ADDRESS] by e-mail/fax/overnight delivery before the end of such seven-day period; and (vii) the Executive understands that the release contained in this paragraph does not apply to rights and claims that may arise after the date on which the Executive signs this Release.

2. Knowing and Voluntary Acknowledgement. The Executive specifically agrees and acknowledges that: (i) the Executive has read this Release in its entirety and understands all of its terms; (ii) the Executive has been advised of and has availed himself of his right to consult with his attorney prior to executing this Release; (iii) the Executive knowingly, freely and voluntarily assents to all of its terms and conditions including, without limitation, the waiver, release and covenants contained herein; (iv) the Executive is executing this Release, including the waiver and release, in exchange for good and valuable consideration in addition to anything of value to which he is otherwise entitled; (v) the Executive is not waiving or releasing rights or claims that may arise after his execution of this Release; and (vi) the Executive understands that the waiver and release in this Release is being requested in connection with the cessation of his employment with the Employer Group.

The Executive further acknowledges that he has had [twenty-one (21)/forty-five (45)] days to consider the terms of this Release and consult with an attorney of his choice, although he may sign it sooner if desired. Further, the Executive acknowledges that he shall have an additional seven (7) days from the date on which he signs this Release to revoke consent to his release of claims under the ADEA by delivering notice of revocation to [NAME] at the Employer, [EMPLOYER ADDRESS] by e-mail/fax/overnight delivery before the end of such seven-day period. In the event of such revocation by the Executive, the Employer hall have the option of treating this Release as null and void in its entirety.

This Release shall not become effective, until the eighth (8th) day after/day the Executive and the Employer execute this Release. Such date shall be the Effective Date of this Release. No payments due to the Executive hereunder shall be made or begin before the Effective Date.

3. Miscellaneous.

(a) Assignment. Employer may assign this Release to any subsidiary or corporate affiliate in the Employer Group or otherwise, or to any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Employer. This Release shall inure to the benefit of the Employer and permitted successors and assigns.

(b) Governing Law: Jurisdiction and Venue. This Release, for all purposes, shall be construed in accordance with the laws of Texas without regard to conflicts-of-law principles. Any action or proceeding by either of the Parties to enforce this Release shall be brought only in any state or federal court located in the State of Texas, County of Dallas. The Parties hereby irrevocably submit to the exclusive jurisdiction of such courts and waive the defense of inconvenient forum to the maintenance of any such action or proceeding in such venue.

(c) Modification and Waiver. No provision of this Release may be amended or modified unless such amendment or modification is agreed to in writing and signed by the Executive and by the Employer's Chief Executive Officer. No waiver by either of the Parties of any breach by the other party hereto of any condition or provision of this Release to be performed by the other party hereto shall be deemed a waiver of any similar or dissimilar provision or condition at the same or any prior or subsequent time, nor shall the failure of or delay by either of the Parties in exercising any right, power or privilege hereunder operate as a waiver thereof to preclude any other or further exercise thereof or the exercise of any other such right, power or privilege.

(d) Severability.

(i) Should any provision of this Release be held by a court of competent jurisdiction to be enforceable only if modified, or if any portion of this Release shall be held as unenforceable and thus stricken, such holding shall not affect the validity of the remainder of this Release, the balance of which shall continue to be binding upon the Parties with any such modification to become a part hereof and treated as though originally set forth in this Release.

(ii) The Parties further agree that any such court is expressly authorized to modify any such unenforceable provision of this Release in lieu of severing such unenforceable provision from this Release in its entirety, whether by rewriting the offending provision, deleting any or all of the offending provision, adding additional language to this Release or by making such other modifications as it deems warranted to carry out the intent and agreement of the Parties as embodied herein to the maximum extent permitted by law.

(iii) The Parties expressly agree that this Release as so modified by the court shall be binding upon and enforceable against each of them. In any event, should one or more of the provisions of this Release be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions hereof, and if such provision or provisions are not modified as provided above, this Release shall be construed as if such invalid, illegal or unenforceable provisions had not been set forth herein.

(e) Captions. Captions and headings of the sections and paragraphs of this Release are intended solely for convenience and no provision of this Release is to be construed by reference to the caption or heading of any section or paragraph.

(f) Counterparts. This Release may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

(g) Nonadmission. Nothing in this Release shall be construed as an admission of wrongdoing or liability on the part of the Employer or any member of the Employer Group.

(h) Acknowledgment of Full Understanding. THE EXECUTIVE ACKNOWLEDGES AND AGREES THAT HE HAS FULLY READ, UNDERSTANDS AND VOLUNTARILY ENTERS INTO THIS RELEASE. THE EXECUTIVE ACKNOWLEDGES AND AGREES THAT HE HAS HAD AN OPPORTUNITY TO ASK QUESTIONS AND CONSULT WITH AN ATTORNEY OF HIS CHOICE BEFORE SIGNING THIS RELEASE. THE EXECUTIVE FURTHER ACKNOWLEDGES THAT HIS SIGNATURE BELOW IS AN AGREEMENT TO RELEASE BERRY PETROLEUM COMPANY, LLC FROM ANY AND ALL CLAIMS.

{*Signature page follows*}

IN WITNESS WHEREOF, the Parties have executed this Release as of the Execution Date above.

BERRY PETROLEUM COMPANY, LLC

By:_____
Name: [NAME OF AUTHORIZED OFFICER]
Title: [TITLE OF AUTHORIZED OFFICER]

CARY D. BAETZ

Signature:_____
Print Name: _____

AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT

This **AMENDED AND RESTATED EXECUTIVE EMPLOYMENT AGREEMENT** ("***Agreement***") is entered into by and between Berry Petroleum Company, LLC, a Delaware limited liability company (the "***Company***"), and Gary A. Grove ("***Executive***"), effective as of this 22 day of August, 2018 (the "***Effective Date***"). Berry Petroleum Corporation, a Delaware corporation and a 100% parent of the Company ("***Berry Petroleum***"), is joining in this Agreement for the limited purpose of reflecting its agreement to the matters set forth herein as to it, but such joinder is not intended to make Berry Petroleum the employer of Executive for any purpose. Certain capitalized terms used in this Agreement are defined in Section 8.

W I T N E S S E T H:

WHEREAS, the Company and Executive entered into that certain Executive Employment Agreement dated June 5, 2017 (the "***Original Employment Agreement***");

WHEREAS, the Company and Executive desire to amend and restate the Original Employment Agreement and enter into this Agreement, which supersedes and replaces the Original Employment Agreement in its entirety; and

WHEREAS, the Company desires to continue to employ Executive on the terms and conditions, and for the consideration, hereinafter set forth, and Executive desires to be employed by the Company on such terms and conditions and for such consideration.

NOW, THEREFORE, in consideration of the promises and mutual covenants set forth herein and for other good and valuable consideration, the parties hereto agree as follows:

1.Position and Duties.

1.1 Employment; Title; Reporting. Beginning on the Effective Date, the Company agrees to employ Executive and Executive agrees to be employed by the Company, upon the terms and subject to the conditions provided under this Agreement. During the Term (as defined in Section 2), Executive will serve the Company as its Executive Vice President and Chief Operating Officer. Executive will report directly to the Company's Chief Executive Officer ("***CEO***").

1.2 Duties. Executive will perform such duties and have such responsibilities as are typically associated with the position of Executive Vice President and Chief Operating Officer, including such duties and responsibilities as are prescribed by the CEO consistent with such position. Executive will devote substantially all of his full working time and attention to the business and affairs of the Company, will use his best efforts to promote the Company's interests, and will perform his duties and responsibilities faithfully, diligently and to the best of his ability, consistent with sound business practices. Executive will comply with the Company's policies, codes and procedures, as they may be in effect from time to time.

1.3 Place of Employment. Executive shall perform his duties under this Agreement from the Company's offices in Bakersfield, California, with the likelihood of substantial business travel.

2. Term of Employment.

The term of Executive's employment hereunder (the "***Term***") will begin on the Effective Date and will end on the date of Executive's termination of employment from the Company (the "***Termination Date***"). Executive hereby acknowledges and agrees that his employment with the Company is "at will" and that either the Company or Executive can terminate the employment relationship at any time, with or without notice, for any reason or for no reason, subject to Section 5.2. Upon termination of Executive's employment hereunder for any reason, Executive will be deemed to have resigned from all positions that Executive holds as an officer of the Company, Berry Petroleum, or any of their subsidiaries or affiliates.

3. Compensation.

3.1 Base Salary. During the Term, Executive will be entitled to receive a base salary ("***Base Salary***") at an annual rate of $450,000, payable in accordance with Company's regular payroll practices.

3.2 Bonus Compensation. For each calendar year ending during the Employment Term, Executive will be eligible to earn an annual bonus (the "***Annual Incentive Bonus***"). The target Annual Incentive Bonus is equal to 100% of Base Salary (the "***Target Bonus Amount***") and the maximum Annual Incentive Bonus is equal to 200% of the Target Bonus Amount. The Target Bonus Amount will be reviewed annually by the Board of Directors of Berry Petroleum (including any committee thereof, the "***Board***") and may be adjusted upward in the discretion of the Board or a committee thereof, but not downward. The actual amount of the Annual Incentive Bonus with respect to any calendar year will be determined by the Board or a committee thereof in its discretion based on Executive's and the Company's fulfillment of performance goals established by the Board or a committee thereof with respect to the applicable calendar year. The performance goals applicable to Executive's Annual Incentive Bonus for each calendar year during the Term will be established no later than March 31 of such calendar year. The Annual Incentive Bonus for any calendar year will (if and to the extent earned) be paid no later than the March 15th following the completion of such calendar year. Except as provided in Section 5.2, Executive must remain continuously employed with the Company through the payment date of the Annual Incentive Bonus in order to receive such Annual Incentive Bonus.

3.3 Long-Term Incentive Awards. Executive will be eligible to receive annual equity awards ("***Annual Equity Awards***") as determined in the sole discretion of the Board (or a committee thereof). The actual grant date target value of any such Annual Equity Awards will be determined in the discretion of the Board (or a committee thereof) after taking into account the Company's and Executive's performance

and other relevant factors, but it is contemplated that such Annual Equity Awards will have an aggregate grant date target value equal to Executive's Base Salary for the calendar year of grant, subject to the Board's (or a committee thereof) evaluation of Executive's performance and then current market compensatory levels and practices. It is further contemplated that the terms and conditions of the Annual Equity Awards (including, without limitation, the form of award(s), vesting schedule, performance objectives, restrictive provisions, etc.) will be the same as such terms and conditions applicable to the annual long-term incentive awards granted to other senior executive officers of the Company at the time of such grants. The Annual Equity Awards will be subject to the Second Amended and Restated Berry Petroleum Corporation 2017 Omnibus Incentive Plan (as amended, restated or otherwise modified from time to time) and will be memorialized in (and subject to the terms of) written award agreements approved by the Board (or a committee thereof).

4. Expenses and Other Benefits.

4.1 Reimbursement of Expenses. Executive will be entitled to receive prompt reimbursement for all reasonable expenses, including all reasonable travel expenses, incurred by him during the Term (in accordance with the policies and practices as may be established by the Company from time to time) in performing services under this Agreement, *provided that* Executive properly accounts for such expenses in accordance with the Company's policies as in effect from time to time.

4.2 Vacation. Executive will be entitled to paid vacation time each year during the Term that will accrue in accordance with the Company's policies and procedures now in force or as such policies and procedures may be modified with respect to all senior executive officers of the Company.

4.3 Other Employee Benefits. In addition to the foregoing, during the Term, Executive will be entitled to participate in and to receive benefits as a senior executive under all of the Company's employee benefit plans, programs and arrangements generally available to senior executives, subject to the eligibility criteria and other terms and conditions thereof, as such plans, programs and arrangements may be duly amended, terminated, approved or adopted by the Board from time to time.

5. Compensation Upon Termination.

5.1 Termination Generally. If Executive's employment hereunder terminates for any reason other than as described in Section 5.2 below, then all compensation and all benefits to Executive hereunder will terminate contemporaneously with such termination of employment, except that Executive will be entitled to (a) payment of all accrued and unpaid Base Salary to the Termination Date, (b) reimbursement for all incurred but unreimbursed expenses for which Executive is entitled to reimbursement in accordance with Section 4.1, (c) benefits to which Executive is entitled under the terms of any applicable benefit plan or program of the Company or an affiliate (such amounts set forth in (a), (b), and (c) are collectively referred to herein as the "***Accrued Rights***").

5.2 Termination by the Company without Cause or by Executive for Good Reason. If the Company terminates Executive's employment without Cause or Executive terminates his employment for Good Reason, then all compensation and all benefits to Executive hereunder will terminate contemporaneously with such termination of employment, except that Executive will be entitled to receive the Accrued Rights, which will be paid or provided (as applicable) to Executive at such time(s) as provided in Section 5.1, and, subject to Section 5.2(e), the severance benefits (the "***Severance Benefits***") set forth in clauses (a) through (d) below.

(a) *Unpaid Prior Year Annual Incentive Bonus*. The Company will pay Executive any unpaid Annual Incentive Bonus for the calendar year ending prior to the Termination Date, which amount will be payable (assuming the applicable performance goals were achieved) in a lump sum on or before the date such annual bonuses are paid to executives who have continued employment with the Company (but in no event earlier than sixty (60) days following the Date of Termination or, if earlier, March 15th of the calendar year following the calendar year ending prior to the Termination Date).

(b) *Prorated Current Year Annual Incentive Bonus*. The Company will pay Executive a bonus for the calendar year in which the Termination Date occurs in an amount measured by reference to the Annual Incentive Bonus for such year as determined by the Company in accordance with the criteria established pursuant to Section 3.2 and based on the Company's actual performance for such year, and prorated through and including the Termination Date (based on the ratio of the number of days Executive was employed by the Company during such year to the number of days in such year), payable in a lump sum on or before the date such annual bonuses are paid to executives who have continued employment with the Company (but in no event earlier than sixty (60) days following the Termination Date or, if earlier, March 15th of the year following the calendar year ending prior to the Termination Date).

(c) *Salary Continuation Payments*. Executive will be entitled to receive an amount equal to one (1) times (or in the event that Executive's Termination Date occurs during the period that begins immediately prior to a Sale of Berry Petroleum and ends on the twelve (12)-month anniversary of such Sale of Berry Petroleum (a "***Qualifying Termination***"), two (2) times) the sum of (i) Executive's Base Salary for the year in which the Termination Date occurs and (ii) Executive's Target Bonus Amount for the year in which such termination occurs. Such amount shall be paid by the Company to Executive in twelve (12) (or, in the case of a Qualifying Termination, twenty-four (24)) substantially equal monthly installments beginning on or promptly following the sixtieth (60th) day following the Termination Date (the "***Payment Date***"); *provided, however,* that to the extent, if any, that the aggregate amount of the installments of the payment described in this Section 5.2(c) that would otherwise be paid pursuant to the preceding provisions of this Section 5.2(c) after March 15 of the calendar year following the calendar year in which the Termination Date occurs (the "***Applicable March 15***") exceeds the maximum exemption amount under Treasury Regulation Section 1.409A-1(b)(9)(iii)(A), then such excess shall be paid to Executive in a lump sum on the Applicable March 15 (or the first business day preceding the Applicable March 15 if the Applicable March 15 is not a business day) and the installments of the payment described in this Section 5.2(c) payable after the Applicable March 15 shall be reduced by such excess (beginning with the installment first payable after the Applicable March 15 and continuing with the next succeeding installment until the aggregate reduction equals such excess).

(d) *COBRA Reimbursement*. If Executive timely and properly elects continuation coverage under the Consolidated Omnibus Reconciliation Act of 1985 ("***COBRA***"), the Company shall reimburse Executive for the monthly COBRA premium paid by Executive for himself and his dependents. Any such reimbursement for the period prior to the Payment Date shall be paid to Executive in a lump sum on the Payment Date and any reimbursement for any month (or portion thereof) on and after the Payment Date shall be paid to Executive on the tenth

(10th) day of the month immediately following the month in which Executive timely remits the premium payment and provides evidence of such payment to the Company. Executive shall be eligible to receive such reimbursement until the earliest of: (i) the twelve (12)-month (or, in the case of a Qualifying Termination, the eighteen (18)-month) anniversary of the Termination Date; (ii) the date Executive is no longer eligible to receive COBRA continuation coverage; and (iii) the date on which Executive becomes eligible to receive substantially similar coverage from another employer (which date shall be promptly reported to the Company by Executive); *provided*, *however*, that the election of COBRA continuation coverage and the payment of any premiums due with respect to such COBRA continuation coverage shall remain Executive's sole responsibility, and the Company shall not assume any obligation for payment of any such premiums. In addition, if, following a Qualifying Termination, Executive is still receiving the continuation coverage described in this paragraph on the date that is eighteen (18) months after the Termination Date (the "***COBRA Payment Trigger Date***"), then, within thirty (30) days after the COBRA Payment Trigger Date, the Company shall pay to Executive a lump sum cash payment equal to the lesser of (a) the applicable dollar amount under Section 402(g)(1)(B) of the Internal Revenue Code of 1986, as amended (the "***Code***"), for the year in which the Termination Date occurs or (b) six (6) times the premium paid by Executive for such coverage for the last month of the eighteen (18)-month period during which Executive received the continuation coverage described in this paragraph. Notwithstanding the foregoing, if the provision of the benefits described in this paragraph cannot be provided in the manner described above without penalty, tax or other adverse impact on the Company or any other member of the Company Group, then the Company and Executive agree to reform this Section 5.2(d) in a manner as is necessary to avoid such adverse impact on the Company or any other member of the Company Group.

(e) *Release Requirement; Continuing Obligations*. Any obligation of the Company to pay any amount set forth in Section 5.2(a), (b), (c), or (d) is conditioned upon Executive: (i) timely signing and returning to the Company (and not revoking within any time provided by the Company to do so), in the time provided by the Company to do so, a release of claims in favor of the Company, its affiliates and their respective officers and directors in a form substantially similar to that attached as Exhibit A to this Agreement (the "***Release***"), and (ii) Executive's continued compliance with the terms of this Agreement that survive termination of Executive's employment, including, without limitation, the continuing terms of Section 7. If, following a termination of employment that gives Executive a right to Severance Benefits under Section 5.2, Executive violates in any material respect any of the covenants in Section 7 or otherwise violates terms of the Release, Executive will have no further right or claim to any payments or other benefits to which Executive may otherwise be entitled under Section 5.2 from and after the date on which Executive engages in such activities and the Company will have no further obligations with respect to such payments or benefits, and the covenants in Section 7 will nevertheless continue in full force and effect.

For avoidance of doubt, the following termination events will not be deemed to be a termination "without Cause": (a) Executive's death; (b) Executive's termination of employment on account of Executive's Disability; (c) the transfer of Executive's employment to another member of the Company Group, *provided* such member assumes and agrees to be bound by this Agreement; or (d) the transfer of Executive's employment to any successor or assign (whether direct or indirect, by purchase, merger, consolidation, or otherwise) to all or substantially all of the business or assets of the Company, *provided* such successor or assign assumes and agrees to be bound by this Agreement.

5.3 Non-Duplication of Severance Benefits. In no event will Executive be entitled to any payments in the nature of severance or termination payments except as specifically provided in this Section 5.

6. Indemnification. If Executive is made a party or threatened to be made a party to any action, suit, or proceeding, whether civil, criminal, administrative, or investigative (a "***Proceeding***"), other than any Proceeding initiated by Executive, Berry Petroleum, or the Company related to any contest or dispute between Executive and Berry Petroleum or the Company or any of their subsidiaries or affiliates with respect to this Agreement or Executive's employment hereunder, by reason of the fact that Executive is or was a director or officer of Berry Petroleum or the Company, or any subsidiary or affiliate of Berry Petroleum or the Company, or is or was serving at the request of Berry Petroleum or the Company as a director, officer, member, employee, or agent of another corporation or a partnership, joint venture, trust, or other enterprise, Executive will be indemnified and held harmless by Berry Petroleum and the Company to the maximum extent permitted under applicable law and, as applicable, Berry Petroleum's or the Company's organizational documents, from and against any liabilities, costs, claims, and expenses, including all costs and expenses incurred in defense of any Proceeding (including reasonable attorneys' fees).

7. Restrictive Covenants.

7.1 Confidential Information.

(a) *Confidentiality*. Executive hereby acknowledges that in connection with his employment by the Company, he will be exposed to and may obtain certain Confidential Information (as defined below) (including, without limitation, procedures, memoranda, notes, records and customer and supplier lists whether such information has been or is made, developed or compiled by Executive or otherwise has been or is made available to him) regarding the business and operations of the Company and its subsidiaries and affiliates (collectively, the "***Company Group***"). Executive further acknowledges that such Confidential Information is unique, valuable, considered trade secrets and deemed proprietary by the Company Group. For purposes of this Agreement, "***Confidential Information***" includes, without limitation, any information heretofore or hereafter acquired, developed or used by any member of the Company Group relating to Business Opportunities (defined below) or Intellectual Property (defined below) or other geological, geophysical, economic, financial or management aspects of the business, operations, properties or prospects of the members of the Company Group, whether oral or in written form. Executive agrees that all Confidential Information is and will remain the property of the Company Group. Executive further agrees, except for disclosures occurring in the good faith performance of his duties for the Company, Executive will, for the duration of the Term, hold in the strictest confidence all Confidential Information, and will not, during the Term and for a period of five years after the Termination Date, directly or indirectly, duplicate, sell, use, lease, commercialize, disclose or otherwise divulge to any person or entity any portion of the Confidential Information or use any Confidential Information, directly or indirectly, for his own benefit or profit or allow any person, entity or third party, other than the Company or other member of the Company Group and authorized Executives of the same, to use or otherwise gain access to any Confidential Information. Executive will have no obligation under this Agreement with respect to any information that becomes generally available to the public other than as a result of a disclosure by Executive or his agent or other representative or becomes available to Executive on a non-confidential basis from a source other than a member of the Company Group. Further, Executive will have no obligation under this Agreement to keep confidential any of the Confidential Information to the extent that a disclosure of it is required by law or is consented to by the Company; *provided*, *however*, that if and when such a disclosure is required by law, Executive promptly will provide the Company with notice of such requirement, so that the Company may seek an appropriate protective order.

(b) *Government Agency Provisions*. Executive understands that nothing contained in this Agreement limits Executive's ability to file a charge or complaint with the Securities and Exchange Commission ("***SEC***") or other governmental agency. Executive further understands that this Agreement does not limit Executive's ability to communicate with the SEC or any other governmental agency or otherwise participate in any investigation or proceeding that may be conducted by the SEC or such other agency, including providing documents or other information, without notice to the Company. This Agreement does not limit Executive's right to receive an award for information provided to the SEC or any other governmental agency.

(c) *Trade Secrets*. The parties specifically acknowledge that 18 U.S.C. § 1833(b) provides: "An individual will not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret (1) made in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney and solely for the purpose of reporting or investigating a suspected violation of law; or (1) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal." Nothing in this Agreement is intended to conflict with 18 U.S.C. § 1833(b) or create liability for disclosures of trade secrets that are expressly allowed by 18 U.S.C. § 1833(b). Accordingly, notwithstanding anything to the contrary in the foregoing, the parties to this Agreement have the right to disclose in confidence trade secrets to federal, state, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law.

7.2 Return of Property. Executive agrees to deliver promptly to the Company, upon termination of his employment hereunder, or at any other time when the Company so requests, all documents in his possession relating to the business of the Company Group, including without limitation: all geological and geophysical reports and related data such as maps, charts, logs, seismographs, seismic records and other reports and related data, calculations, summaries, memoranda and opinions relating to the foregoing, production records, electric logs, core data, pressure data, lease files, well files and records, land files, abstracts, title opinions, title or curative matters, contract files, notes, records, drawings, manuals, correspondence, financial and accounting information, customer lists, statistical data and compilations, patents, copyrights, trademarks, trade names, inventions, formulae, methods, processes, agreements, contracts, manuals or any documents relating to the business of the Company Group and all copies thereof and therefrom; *provided, however*, that Executive will be permitted to retain copies of any documents or materials of a personal nature or otherwise related to Executive's rights under this Agreement, copies of this Agreement and any attendant or ancillary documents specifically including any documents referenced in this Agreement and copies of any documents related to Executive's equity-based incentive awards and other compensation.

7.3 Non-Compete Obligations.

(a) *Non-Compete Obligations During the Term.* Executive agrees that, during the Term:

(i) Executive will not, other than through the Company or Berry Petroleum, engage or participate in any manner, whether directly or indirectly as an employee, employer, consultant, agent, principal, partner, more than 1% shareholder, officer, director, licensor, lender, lessor or in any other individual or representative capacity, in any business or activity which is engaged in direct competition anywhere in the United States with the Company, Berry Petroleum, or any of their direct or indirect subsidiaries, in each case in the leasing, acquiring, exploring, producing, gathering or marketing of hydrocarbons and related products; and

(ii) Executive will not (directly or indirectly through any family members or other persons) invest or otherwise participate alongside the Company, Berry Petroleum, or their direct or indirect subsidiaries, in any Business Opportunity (defined below).

Notwithstanding the foregoing, nothing in this Section 7.3(a) will be deemed to prohibit Executive from owning, or otherwise having an interest in, less than 1% of any publicly owned entity or 3% or less of any private equity fund or similar investment fund that invests in any business or activity engaged in any of the activities set forth above, provided that Executive has no active role with respect to any investment by such fund in any entity.

(b) *Non-Compete Obligations After Termination Date*. Executive agrees that some restrictions on Executive's activities after Executive's employment are necessary to protect the goodwill, Confidential Information, and other legitimate interests of the Company, Berry Petroleum, and their direct and indirect subsidiaries. The Company has and following the Effective Date the Company will provide Executive with access to and knowledge of Confidential Information and trade secrets and will place Executive in a position of trust and confidence with the Company, and Executive will benefit from the Company's goodwill. The restrictive covenants below are necessary to protect the Company's and Berry Petroleum's legitimate business interests in their Confidential Information, trade secrets and goodwill. Executive further understands and acknowledges that the Company's and Berry Petroleum's ability to reserve these for the exclusive knowledge and use of the Company and Berry Petroleum is of great competitive importance and commercial value to the Company and Berry Petroleum and that the Company and Berry Petroleum would be irreparably harmed if Executive violates the restrictive covenants below. In recognition of the consideration provided to Executive as well as the imparting to Executive of Confidential Information, including trade secrets, and for other good and valuable consideration, Executive hereby agrees that Executive will not, during the Restricted Period, engage or participate in any manner, whether directly or indirectly as an employee, employer, consultant, agent principal, partner, more than 1% shareholder, officer, director, licensor, lender, lessor, or in any other individual or representative capacity, in any business or activity which is in direct competition with the Company, Berry Petroleum, or their direct or indirect subsidiaries, in each case in the leasing, acquiring, exploring, producing, gathering or marketing of hydrocarbons and related products within the boundaries of, or within a ten-mile radius of the boundaries of, any mineral property interest of any of the Company, Berry Petroleum, or their direct or indirect subsidiaries (including, without limitation, a mineral lease, overriding royalty interest, production payment, net profits interest, mineral fee interest or option or right to acquire any of the foregoing, or an area of mutual interest as designated pursuant to contractual agreements between the Company or any direct or indirect subsidiary, and any third party) or any other property on which any of the Company, Berry Petroleum, or their direct or indirect subsidiaries has an option, right, license or authority to conduct or direct exploratory activities, such as three-dimensional seismic acquisition or other seismic, geophysical and geochemical activities (but not including any preliminary geological mapping), as of the Termination Date or as of the end of the six-month period following such Termination Date; *provided, that*, this Section 7.3(b) will not preclude Executive from making investments in securities of oil and gas companies which are registered on a national stock exchange, if the aggregate amount owned by Executive and all family members and affiliates does not exceed 3% of such company's outstanding securities.

(c) *Certain Personal Investments*. The parties hereto acknowledge and agree that Executive's ownership interest in or other involvement with Bazeon Corp. shall not violate this Section 7.3 unless Executive directly or indirectly informs Bazeon Corp. of, or directs Bazeon Corp. to invest or participate in, a Business Opportunity without the prior written consent of the Board following Executive's full disclosure to the Board of such Business Opportunity.

7.4 Non-Solicitation. During the Term and for the Restricted Period, Executive agrees and covenants that he will not, whether for his own account or for the account of any other person (other than a member of the Company Group), intentionally (a) solicit, hire, recruit, attempt to hire or recruit, or induce the termination of employment or service of any Executive or other service provider of the Company Group (including any independent sales representatives), or (b) solicit, contact (including but not limited to e-mail, regular mail, express mail, telephone, fax, and instant message), attempt to contact, or meet with the Company's current, former or prospective clients, vendors or customers for purposes of offering or accepting goods or services similar to or competitive with those offered by the Company Group.

7.5 Assignment of Developments. Executive assigns and agrees to assign without further compensation to the Company and its successors, assigns or designees, all of Executive's right, title and interest in and to all Business Opportunities and Intellectual Property (as those terms are defined below), and further acknowledges and agrees that all Business Opportunities and Intellectual Property constitute the exclusive property of the Company.

For purposes of this Agreement, "***Business Opportunities***" means all business ideas, prospects, proposals or other opportunities pertaining to the lease, acquisition, exploration, production, gathering or marketing of hydrocarbons and related products and the exploration potential of geographical areas on which hydrocarbon exploration prospects are located, which are developed by Executive during the Term, or originated by any third party (other than Bazeon Corp.) and brought to the attention of Executive during the Term, together with information relating thereto (including, without limitation, geological and seismic data and interpretations thereof, whether in the form of maps, charts, logs, seismographs, calculations, summaries, memoranda, opinions or other written or charted means).

For purposes of this Agreement, "***Intellectual Property***" will mean all ideas, inventions, discoveries, processes, designs, methods, substances, articles, computer programs and improvements (including, without limitation, enhancements to, or further interpretation or processing of, information that was in the possession of Executive prior to the date of this Agreement), whether or not patentable or copyrightable, which do not fall within the definition of Business Opportunities, which Executive discovers, conceives, invents, creates or develops, alone or with others, during the Term, if such discovery, conception, invention, creation or development (1) occurs in the course of Executive's employment with the Company, or (1) occurs with the use of any of the time, materials or facilities of the Company or its direct or indirect subsidiaries, or (1) in the good faith judgment of the CEO, relates or pertains in any material way to the purposes, activities or affairs of the Company Group.

7.6 Injunctive Relief. Executive acknowledges that a breach of any of the covenants contained in this Section 7 may result in material, irreparable injury to the Company for which there is no adequate remedy at law, that it will not be possible to measure damages for such injuries precisely and that, in the event of such a breach or threat of breach, the Company will be entitled to obtain a temporary restraining order and/or a preliminary or permanent injunction restraining Executive from engaging in activities prohibited by this Section 7 or such other relief as may be required to specifically enforce any of the covenants in this Section 7.

7.7 Adjustment of Covenants. The parties consider the covenants and restrictions contained in this Section 7 to be reasonable. However, if and when any such covenant or restriction is found to be void or unenforceable and would have been valid had some part of it been deleted or had its scope of application been modified, such covenant or restriction will be deemed to have been applied with such modification as would be necessary and consistent with the intent of the parties to have made it valid, enforceable and effective.

7.8 Forfeiture Provision. If Executive engages in any activity that violates any covenant or restriction contained in this Section 7, in addition to any other remedy the Company may have at law or in equity, (a) Executive will be entitled to no further payments or benefits from the Company under this Agreement or otherwise, except for any payments or benefits required to be made or provided under applicable law, and (b) all forms of long-term incentive compensation (whether cash or equity-based) held by or credited to Executive will terminate effective as of the date on which Executive engages in that activity, unless terminated sooner by operation of another term or condition of this Agreement or other applicable plans and agreements.

8. Definition of Terms. The following terms referred to in this Agreement will have the following meanings:

8.1 "***Cause***" means any of the following: (a) Executive's repeated failure to fulfill substantially his material obligations with respect to his employment (which failure, if able to be cured, remains uncured or continues or recurs thirty (30) days after written notice from the CEO or the Board); (b) Executive's conviction of or plea of guilty or *nolo contendere* to a felony or to a crime involving moral turpitude resulting in material financial or reputational harm to the Company, Berry Petroleum, or any of their subsidiaries or affiliates; (iii) Executive's engaging in conduct that constitutes gross negligence or gross misconduct in carrying out his duties with respect to his employment hereunder; (iv) a material violation by Executive of any non-competition or non-solicitation provision, or of any confidentiality provision, contained in this Agreement or any agreement between Executive and the Company, Berry Petroleum, or any of their subsidiaries or affiliates; (v) any act by Executive involving dishonesty relating to the business of the Company, Berry Petroleum, or any of their subsidiaries or affiliates that adversely and materially affects the business of the Company, Berry Petroleum, or any of their subsidiaries or affiliates; or (vi) a material breach by Executive of the Company's written code of ethics or any other material written policy or regulation of the Company, Berry Petroleum, or any of their subsidiaries or affiliates governing the conduct of its employees or contractors (which breach, if able to be cured, remains uncured or continues or recurs 30 days after written notice from the CEO or the Board).

8.2 "***Disability***" means Executive is unable to perform the essential functions of the position, even with reasonable accommodation, for four (4) months in any twelve (12) month period and there is no vacant position to which Executive could be transferred for which Executive is qualified.

8.3 "***Good Reason***" means the occurrence of any of the following without Executive's consent: (a) a material reduction in Executive's Base Salary; provided, however, that the Company may decrease Executive's Base Salary at any time and from time to time so long as such

decreases do not exceed, in the aggregate, more than ten percent (10%) of Executive's Base Salary as in effect on the Effective Date and such decreases are part of similar reductions applicable to the Company's similarly situated executives and any such decrease shall not constitute Good Reason; (b) a permanent relocation of Executive's principal place of employment that results in an increase of more than thirty (30) miles in the distance between Executive's principal residence at the time of such relocation and Executive's principal place of employment; (c) any material breach by the Company of any material provision of this Agreement; (d) the Company's failure to obtain an agreement from any successor to the Company to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no succession had taken place, except where such assumption occurs by operation of law; or (e) a material diminution in the nature or scope of the Executive's authority or responsibilities from those applicable to Executive as of the Effective Date (or as modified thereafter consistent with this Agreement). Executive cannot terminate his employment for "Good Reason" unless he has provided written notice to the Company of the existence of the circumstances providing grounds for termination for Good Reason within ninety (90) days of the initial existence of such grounds and the Company has had at least thirty (30) days from the date on which such notice is provided to cure such circumstances. If Executive does not deliver a notice of termination for "Good Reason" within thirty (30) days after such cure period, then Executive will be deemed to have waived his right to terminate for "Good Reason."

8.4 "***Restricted Period***" means (a) in the case of a Qualifying Termination, the twenty-four (24) month period beginning on the Termination Date and (b) in all other cases, the eighteen (18) month period beginning on the Termination Date.

8.5 "***Sale of Berry Petroleum***" means the first to occur of:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "***Exchange Act***")) (a "***Person***") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 50% or more of either (i) the then-outstanding equity interests of Berry Petroleum (the "***Outstanding Company Equity***") or (ii) the combined voting power of the then-outstanding voting securities of Berry Petroleum entitled to vote generally in the election of directors (the "***Outstanding Company Voting Securities***"); *provided, however*, that, for purposes of this Section 8.5, the following acquisitions will not constitute a Sale of Berry Petroleum: (A) any acquisition directly from Berry Petroleum (including, for avoidance of doubt, a public offering of Berry Petroleum stock), (B) any acquisition by Berry Petroleum, (C) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any affiliated company, or (4) any acquisition by any corporation or other entity pursuant to a transaction that complies with Section 8.5(c)(iii)(A), Section 8.5(c)(ii)(B), or Section 8.5(c)(iii)(C);

(b) Any time at which individuals who, as of the date hereof, constitute the Board (the "***Incumbent Board***") cease for any reason to constitute at least a majority of the Board; *provided, however,* that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by Berry Petroleum's stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board will be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Incumbent Board; or

(c) Consummation of (i) a reorganization, merger, statutory share exchange or consolidation or similar corporate transaction involving Berry Petroleum or any of its subsidiaries, (ii) a sale or other disposition of assets of Berry Petroleum that have a total gross fair market value (*i.e.*, determined without regard to any liabilities associated with such assets) equal to or more than 75% of the total gross fair market value of all of the assets of Berry Petroleum immediately prior to such sale or other disposition, or (iii) the acquisition of assets or equity interests of another entity by Berry Petroleum or any of its subsidiaries (each, a "***Business Combination***"), in each case unless, following such Business Combination, (A) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Equity and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 50% of the then-outstanding equity interests and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including, without limitation, a corporation or other entity that, as a result of such transaction, owns Berry Petroleum or all or substantially all of Berry Petroleum's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Equity and the Outstanding Company Voting Securities, as the case may be, (B) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of Berry Petroleum or such corporation or other entity resulting from such Business Combination) beneficially owns, directly or indirectly, 50% or more of, respectively, the then-outstanding equity interests of the corporation or other entity resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation or other entity, except to the extent that such ownership existed prior to the Business Combination, and (C) at least a majority of the members of the board of directors of the corporation or equivalent body of any other entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination.

9. Miscellaneous.

9.1 No Conflicting Agreements. Executive hereby represents and warrants that the execution of this Agreement and the performance of his obligations hereunder will not breach or be in conflict with any other agreement to which Executive is a party or is bound, and that Executive is not now subject to any covenants against competition or similar covenants or any other obligations to any person or to any court order, judgment or decree that would affect the performance of his obligations hereunder. Executive will not disclose to or use on behalf of the Company any proprietary information of a third-party without such party's consent.

9.2 Assignment; Successors; Binding Agreement. This Agreement is personal to Executive and may not be assigned by Executive, whether by operation of law or otherwise, without the prior written consent of the Company. The Company may assign this Agreement to any member of the Company Group or to any successor or assign (whether direct or indirect, by purchase, merger, consolidation, or otherwise) to all or substantially all of the business or assets of the Company. This Agreement shall inure to the benefit of the Company and its permitted successors and assigns.

9.3 Modification and Waiver. Except as otherwise provided below, no provision of this Agreement may be modified, waived, or discharged unless such waiver, modification or discharge is agreed to in writing by Executive and the Company. No waiver by any party of any breach by any other party of, or of compliance with, any term or condition of this Agreement to be performed by any other party, at any time, will constitute a waiver of similar or dissimilar terms or conditions at that time or at any prior or subsequent time.

9.4 Entire Agreement. Except as provided in any signed written agreement contemporaneously or hereafter executed by the Company and Executive, this Agreement constitutes the entire agreement of the parties with regard to the subject matter hereof, and contains all the covenants, promises, representations, warranties and agreements between the parties with respect to the employment of Executive by the Company. Without limiting the scope of the preceding sentence, all understandings and agreements preceding the date of execution of this Agreement and relating to the subject matter hereof (including, for the avoidance of doubt, the Original Employment Agreement) are hereby null and void and of no further force and effect. For the avoidance of doubt, Executive acknowledges that the Company has fully and finally satisfied all obligations that it has had and may ever have under the Original Employment Agreement, as the Original Employment Agreement has been replaced in its entirety by this Agreement. In entering into this Agreement, Executive expressly acknowledges and agrees that Executive has received all sums and compensation that Executive has been owed or ever could be owed by the Company or any other member of the Company Group (including pursuant to any prior employment agreement between Executive and any member of the Company Group) for all services provided during periods prior to the date Executive signs this Agreement.

9.5 Governing Law. The validity, interpretation, construction and performance of this Agreement will be governed by the laws of the State of California other than the conflict of laws provision thereof.

9.6 Consent to Jurisdiction; Service of Process; Waiver of Jury Trial. In the event of any dispute, controversy or claim between the Company and Executive arising out of or relating to the interpretation, application or enforcement of the provisions of this Agreement, the Company and Executive agree and consent to the personal jurisdiction of the state and local courts of Kern County, California and/or the United States District Court for the Eastern District of California for resolution of the dispute, controversy or claim, and that those courts, and only those courts, will have any jurisdiction to determine any dispute, controversy or claim related to, arising under or in connection with this Agreement. The Company and Executive also agree that those courts are convenient forums for the parties to any such dispute, controversy or claim and for any potential witnesses and that process issued out of any such court or in accordance with the rules of practice of that court may be served by mail or other forms of substituted service to the Company at the address of their principal Executive offices and to Executive at his last known address as reflected in the Company's records.

9.7 Withholding of Taxes. The Company will withhold from any amounts payable under the Agreement all federal, state, local or other taxes as legally will be required to be withheld.

9.8 Survival. Provisions of this Agreement will survive any termination of Executive's employment if so provided or if necessary or desirable to fully accomplish the purposes of the other surviving provisions, including without limitation Sections 5, 7 and 9.

9.9 Notices. All notices, consents, waivers, and other communications under this Agreement must be in writing and be delivered personally or sent by registered or certified mail, return receipt requested, or by overnight carrier to the parties at the addresses set forth below (or such other addresses as specified by the parties by like notice):

To the Company:

Berry Petroleum Company, LLC
Attn: General Counsel
5201 Truxtun Avenue, Suite 100
Bakersfield, CA 93309-0640

To Berry Petroleum:

Berry Petroleum Corporation
Attn: General Counsel
5201 Truxtun Avenue, Suite 100
Bakersfield, CA 93309-0640

To Executive:

At the address reflected in the Company's written records.

9.10 Severability. The invalidity or unenforceability of any provision or provisions of this Agreement will not affect the validity or enforceability of any other provision of this Agreement, which will remain in full force and effect.

9.11 Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original but all of which together will constitute one and the same instrument.

9.12 Headings. The headings used in this Agreement are for convenience only, do not constitute a part of the Agreement, and will not be deemed to limit, characterize, or affect in any way the provisions of the Agreement, and all provisions of the Agreement will be construed as if no headings had been used in the Agreement.

9.13 Construction. As used in this Agreement, unless the context otherwise requires: (1) the terms defined herein will have the meanings set forth herein for all purposes; (1) references to "Section" are to a section hereof; (1) "include," "includes" and "including" are deemed to be followed by "without limitation" whether or not they are in fact followed by such words or words of like import; (1) "writing," "written" and comparable terms refer to printing, typing, lithography and other means of reproducing words in a visible form; (1) "hereof,"

"herein," "hereunder" and comparable terms refer to the entirety of this Agreement and not to any particular section or other subdivision hereof or attachment hereto; (1) references to any gender include references to all genders; and (1) references to any agreement or other instrument or statute or regulation are referred to as amended or supplemented from time to time (and, in the case of a statute or regulation, to any successor provision).

9.14 Capacity; No Conflicts. Executive represents and warrants to the Company that: (1) he has full power, authority and capacity to execute and deliver this Agreement, and to perform his obligations hereunder, (1) such execution, delivery and performance will not (and with the giving of notice or lapse of time, or both, would not) result in the breach of any agreement or other obligation to which he is a party or is otherwise bound, and (1) this Agreement is his valid and binding obligation, enforceable in accordance with its terms.

9.15 Sections 280G and 409A of the Code. Notwithstanding anything in this Agreement to the contrary:

(a) If any of the payments or benefits received or to be received by Executive (including, without limitation, any payment or benefits received in connection with a Sale of Berry Petroleum or Executive's termination of employment, whether pursuant to the terms of this Agreement or any other plan, arrangement or agreement, or otherwise) (all such payments collectively referred to herein as the "***280G Payments***") constitute "parachute payments" within the meaning of Section 280G of the Code and would, but for this Section 9.15(a), be subject to the excise tax imposed under Section 4999 of the Code (the "***Excise Tax***"), then prior to making the 280G Payments, a calculation will be made comparing (1) the Net Benefit (as defined below) to Executive of the 280G Payments after payment of the Excise Tax to (1) the Net Benefit to Executive if the 280G Payments are limited to the extent necessary to avoid being subject to the Excise Tax. Only if the amount calculated under (i) above is less than the amount under (ii) above will the 280G Payments be reduced to the minimum extent necessary to ensure that no portion of the 280G Payments is subject to the Excise Tax. "***Net Benefit***" will mean the present value of the 280G Payments net of all federal, state, local, foreign income, employment, and excise taxes. Any reduction made pursuant to this Section 9.15(a) will be made in a manner determined by the Company that is consistent with the requirements of Section 409A of the Code and that maximizes Executive's economic position and after-tax income; for the avoidance of doubt, Executive will not have any discretion in determining the manner in which the payments and benefits are reduced.

(b) If any benefits payable or otherwise provided under this Agreement would be deemed to constitute non-qualified deferred compensation subject to Section 409A of the Code, the Company will have the discretion to adjust the terms of such payment or benefit (but not the amount or value thereof) as reasonably necessary to comply with the requirements of Section 409A of the Code to avoid the imposition of any excise tax or other penalty with respect to such payment or benefit under Section 409A of the Code.

(c) Any expense reimbursement payable to Executive under the terms of this Agreement will be paid on or before March 15 of the calendar year following the calendar year in which such reimbursable expense was incurred. The amount of such reimbursements that the Company is obligated to pay in any given calendar year will not affect the amount the Company is obligated to pay in any other calendar year. In addition, Executive may not liquidate or exchange the right to reimbursement of such expenses for any other benefits.

(d) Notwithstanding anything in this Agreement to the contrary, in the event that Executive is a "specified employee" (as determined under Section 409A of the Code) at the time of the separation from service triggering the payment or provision of benefits, any payment or benefit under this Agreement which is determined to provide for a deferral of compensation pursuant to Section 409A of the Code will not commence being paid or made available to Executive until after six months from the Termination Date that constitutes a separation from service within the meaning of Section 409A of the Code.

[Signature page follows]

IN WITNESS WHEREOF, the parties have duly executed this Agreement as of the date first written above.

BERRY PETROLEUM COMPANY, LLC

By: **BERRY PETROLEUM CORPORATION, its sole member**

By: /s/ Arthur T. Smith
Name: Arthur T. Smith
Title: President and Chief Executive Officer

EXECUTIVE

/s/ Gary A. Grove
Gary A. Grove

For the limited purposes set forth herein:

BERRY PETROLEUM CORPORATION

By:/s/ Arthur T. Smith
Name: Arthur T. Smith
Title: President and Chief Executive Officer

Form of Release and Waiver of Claims Agreement

This Release and Waiver of Claims Agreement ("**Release**") is entered into by and between Berry Petroleum Company, LLC, a Delaware limited liability company (the "**Employer**"), on behalf of itself, its subsidiaries and other corporate affiliates and each of their respective executives, officers, directors, owners, shareholders and agents (collectively referred to herein as the "**Employer Group**"), and Gary A. Grove ("**Executive**") (the Employer and the Executive are collectively referred to herein as the "**Parties**") as of [_____] (the "**Execution Date**").

1. Release.

(a) General Release and Waiver of Claims. In exchange for the consideration provided in this Release, the Executive and his/her heirs, executors, representatives, agents, insurers, administrators, successors and assigns (collectively the "**Releasors**") irrevocably and unconditionally fully and forever waive, release and discharge the Employer Group, including each member of the Employer Group's parents, subsidiaries, affiliates, predecessors, successors and assigns, and all of their respective officers, directors, employees, shareholders, and partners, in their corporate and individual capacities (collectively, the "**Releasees**") from any and all claims, demands, actions, causes of actions, obligations, judgments, rights, fees, damages, debts, obligations, liabilities and expenses (inclusive of attorneys' fees) of any kind whatsoever (collectively, "**Claims**"), whether known or unknown, from the beginning of time to the date of the Executive's execution of this Release, including, without limitation, any Claims under any federal, state, local or foreign law, that Releasors may have, have ever had or may in the future have arising out of, or in any way related to the Executive's hire, benefits, employment, termination or separation from employment with the Employer Group and any actual or alleged act, omission, transaction, practice, conduct, occurrence or other matter, including, but not limited to (i) any and all claims under Title VII of the Civil Rights Act, as amended, the Americans with Disabilities Act, as amended, the Family and Medical Leave Act, as amended, the Fair Labor Standards Act, the Equal Pay Act, as amended, the Executive Retirement Income Security Act, as amended (with respect to unvested benefits), the Civil Rights Act of 1991, as amended, Section 1981 of U.S.C. Title 42, the Sarbanes-Oxley Act of 2002, as amended, the Worker Adjustment and Retraining Notification Act, as amended, the National Labor Relations Act, as amended, the Age Discrimination in Employment Act, as amended, the Genetic Information Nondiscrimination Act of 2008, and/or any other Federal, state, local or foreign law (statutory, regulatory or otherwise) that may be legally waived and released; and (ii) any tort, contract and/or quasi-contract law, including but not limited to claims of wrongful discharge, defamation, emotional distress, tortious interference with contract, invasion of privacy, nonphysical injury, personal injury or sickness or any other harm. However, this general release of claims excludes, and the Executive does not waive, release or discharge (i) any right to file an administrative charge or complaint with the Equal Employment Opportunity Commission or other administrative agency; (ii) claims under state workers' compensation or unemployment laws; (iii) indemnification rights the Executive has against the Employer, (iv) claims under the Amended and Restated Executive Employment Agreement between the Executive and the Employer dated August 22, 2018, and/or (v) any other claims that cannot be waived by law. Further, nothing in this Release prevents Executive from making any report to or communication with any governmental or regulatory agency, entity, or official(s) (collectively, "***Governmental Authorities***") that is protected by any applicable law (including any applicable whistleblower) law or participating in any investigation or proceeding conducted by any Governmental Authority. This Release does not limit Executive's right to receive an award from a Governmental Authority for information provided to any Governmental Authority.

(b) Waiver of California Civil Code Section 1542. Executive understands that he/she may later discover Claims or facts that may be different than, or in addition to, those which Executive now knows or believes to exist with regards to the subject matter of this Release, and which, if known at the time of signing this release, may have materially affected this Release or Executive's decision to enter into it. Nevertheless, the Releasors hereby waive any right or Claim that might arise as a result of such different or additional Claims or facts. The Releasors have been made aware of, and understand, the provisions of California Civil Code Section 1542 and hereby expressly waive any and all rights, benefits and protections of the statute, which provides:

> "A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR."

(c) Specific Release of ADEA Claims. In further consideration of the payments and benefits provided to the Executive in this Release, the Releasors hereby irrevocably and unconditionally fully and forever waive, release and discharge the Releasees from any and all Claims, whether known or unknown, from the beginning of time to the date of the Executive's execution of this Release arising under the Age Discrimination in Employment Act ("***ADEA***"), as amended, and its implementing regulations. By signing this Release, the Executive hereby acknowledges and confirms that: (i) the Executive has read this Release in its entirety and understands all of its terms; (ii) the Executive has been advised of and has availed him/herself of his/her right to consult with his/her attorney prior to executing this Release; (iii) the Executive knowingly, freely and voluntarily assents to all of the terms and conditions set out in this Release including, without limitation, the waiver, release and covenants contained herein; (iv) the Executive is executing this Release, including the waiver and release, in exchange for good and valuable consideration in addition to anything of value to which he is otherwise entitled; (v) the Executive was given at least [twenty-one

(21)/forty-five (45)] days to consider the terms of this Release and consult with an attorney of his/her choice, although he may sign it sooner if desired; (vi) the Executive understands that he has seven (7) days from the date he signs this Release to revoke the release in this paragraph by delivering notice of revocation to [NAME] at the Employer, [EMPLOYER ADDRESS] by e-mail/fax/overnight delivery before the end of such seven-day period; and (vii) the Executive understands that the release contained in this paragraph does not apply to rights and claims that may arise after the date on which the Executive signs this Release.

2. Knowing and Voluntary Acknowledgement. The Executive specifically agrees and acknowledges that: (i) the Executive has read this Release in its entirety and understands all of its terms; (ii) the Executive has been advised of and has availed himself of his right to consult with his attorney prior to executing this Release; (iii) the Executive knowingly, freely and voluntarily assents to all of its terms and conditions including, without limitation, the waiver, release and covenants contained herein; (iv) the Executive is executing this Release, including the waiver and release, in exchange for good and valuable consideration in addition to anything of value to which he is otherwise entitled; (v) the Executive is not waiving or releasing rights or claims that may arise after his execution of this Release; and (vi) the Executive understands that the waiver and release in this Release is being requested in connection with the cessation of his employment with the Employer Group.

The Executive further acknowledges that he has had [twenty-one (21)/forty-five (45)] days to consider the terms of this Release and consult with an attorney of his choice, although he may sign it sooner if desired. Further, the Executive acknowledges that he shall have an additional seven (7) days from the date on which he signs this Release to revoke consent to his release of claims under the ADEA by delivering notice of revocation to [NAME] at the Employer, [EMPLOYER ADDRESS] by e-mail/fax/overnight delivery before the end of such seven-day period. In the event of such revocation by the Executive, the Employer hall have the option of treating this Release as null and void in its entirety.

This Release shall not become effective, until the eighth (8th) day after/day the Executive and the Employer execute this Release. Such date shall be the Effective Date of this Release. No payments due to the Executive hereunder shall be made or begin before the Effective Date.

3. Miscellaneous.

(a) Assignment. Employer may assign this Release to any subsidiary or corporate affiliate in the Employer Group or otherwise, or to any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Employer. This Release shall inure to the benefit of the Employer and permitted successors and assigns.

(b) Governing Law: Jurisdiction and Venue. This Release, for all purposes, shall be construed in accordance with the laws of Texas without regard to conflicts-of-law principles. Any action or proceeding by either of the Parties to enforce this Release shall be brought only in any state or federal court located in the State of Texas, County of Dallas. The Parties hereby irrevocably submit to the exclusive jurisdiction of such courts and waive the defense of inconvenient forum to the maintenance of any such action or proceeding in such venue.

(c) Modification and Waiver. No provision of this Release may be amended or modified unless such amendment or modification is agreed to in writing and signed by the Executive and by the Employer's Chief Executive Officer. No waiver by either of the Parties of any breach by the other party hereto of any condition or provision of this Release to be performed by the other party hereto shall be deemed a waiver of any similar or dissimilar provision or condition at the same or any prior or subsequent time, nor shall the failure of or delay by either of the Parties in exercising any right, power or privilege hereunder operate as a waiver thereof to preclude any other or further exercise thereof or the exercise of any other such right, power or privilege.

(d) Severability.

(i) Should any provision of this Release be held by a court of competent jurisdiction to be enforceable only if modified, or if any portion of this Release shall be held as unenforceable and thus stricken, such holding shall not affect the validity of the remainder of this Release, the balance of which shall continue to be binding upon the Parties with any such modification to become a part hereof and treated as though originally set forth in this Release.

(ii) The Parties further agree that any such court is expressly authorized to modify any such unenforceable provision of this Release in lieu of severing such unenforceable provision from this Release in its entirety, whether by rewriting the offending provision, deleting any or all of the offending provision, adding additional language to this Release or by making such other modifications as it deems warranted to carry out the intent and agreement of the Parties as embodied herein to the maximum extent permitted by law.

(iii) The Parties expressly agree that this Release as so modified by the court shall be binding upon and enforceable against each of them. In any event, should one or more of the provisions of this Release be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions hereof, and if such provision or provisions are not modified as provided above, this Release shall be construed as if such invalid, illegal or unenforceable provisions had not been set forth herein.

(e) Captions. Captions and headings of the sections and paragraphs of this Release are intended solely for convenience and no provision of this Release is to be construed by reference to the caption or heading of any section or paragraph.

(f) Counterparts. This Release may be executed in counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

(g) Nonadmission. Nothing in this Release shall be construed as an admission of wrongdoing or liability on the part of the Employer or any member of the Employer Group.

(h) Acknowledgment of Full Understanding. THE EXECUTIVE ACKNOWLEDGES AND AGREES THAT HE HAS FULLY READ, UNDERSTANDS AND VOLUNTARILY ENTERS INTO THIS RELEASE. THE EXECUTIVE ACKNOWLEDGES AND AGREES

THAT HE HAS HAD AN OPPORTUNITY TO ASK QUESTIONS AND CONSULT WITH AN ATTORNEY OF HIS CHOICE BEFORE SIGNING THIS RELEASE. THE EXECUTIVE FURTHER ACKNOWLEDGES THAT HIS SIGNATURE BELOW IS AN AGREEMENT TO RELEASE BERRY PETROLEUM COMPANY, LLC FROM ANY AND ALL CLAIMS.

{*Signature page follows*}

IN WITNESS WHEREOF, the Parties have executed this Release as of the Execution Date above.

BERRY PETROLEUM COMPANY, LLC

By:_____
Name: [NAME OF AUTHORIZED OFFICER]
Title: [TITLE OF AUTHORIZED OFFICER]

GARY A. GROVE

Signature:_____
Print Name: _____

EXHIBIT 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A)
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Arthur T. Smith, certify that:

1. I have reviewed this quarterly report of Berry Petroleum Corporation (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 23, 2018

/s/ Arthur T. Smith

Arthur T. Smith
President and Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO RULE 13A-14(A) AND RULE 15D-14(A)
OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

I, Cary Baetz, certify that:

1. I have reviewed this quarterly report of Berry Petroleum Corporation (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 23, 2018

/s/ Cary Baetz

Cary Baetz
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32.1

CERTIFICATION OF CEO AND CFO
PURSUANT TO SECTION 906 OF THE
SARBANES OXLEY ACT OF 2002, 18 U.S.C. § 1350

In connection with the quarterly report of Berry Petroleum Corporation (the "Company") for the fiscal period ended June 30, 2018, as filed with the Securities and Exchange Commission on August 23, 2018 (the "Report"), Arthur T. Smith, as Chief Executive Officer of the Company, and Cary Baetz, as Chief Financial Officer of the Company, each hereby certifies, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to his knowledge, respectively:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: August 23, 2018

/s/ Arthur T. Smith
Arthur T. Smith
President and Chief Executive Officer
(Principal Executive Officer)

/s/ Cary Baetz
Cary Baetz
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

A signed original of this written statement required by Section 906 has been provided to Berry Petroleum Corporation and will be retained by Berry Petroleum Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

The certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed

filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.