

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

For the quarterly period ended September 30, 1995

Commission file number 1-9735

BERRY PETROLEUM COMPANY  
(Exact name of registrant as specified in its charter)

DELAWARE  
(State or other jurisdiction of  
incorporation or organization)

77-0079387  
(I.R.S. Employer  
Identification No.)

28700 Hovey Hills Road, P.O. Bin X, Taft, California  
(Address of principal executive offices)

93268  
(Zip Code)

Registrant's telephone number, including area code (805) 769-8811

Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report:

NONE

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 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 (X) NO ( )

The number of shares of each of the registrant's classes of capital stock outstanding as of September 30, 1995 was 21,033,065 shares of Class A Common Stock (\$.01 par value) and 898,892 shares of Class B Stock (\$.01 par value). All of the Class B Stock is held by a shareholder who owns in excess of 5% of the outstanding stock of the registrant.

BERRY PETROLEUM COMPANY  
SEPTEMBER 30, 1995  
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REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors  
Berry Petroleum Company

We have reviewed the accompanying condensed balance sheet of Berry Petroleum Company as of September 30, 1995, the condensed statements of operations for the three and nine month periods ended September 30, 1995 and 1994, and the condensed statements of cash flows for the nine month periods ended September 30, 1995 and 1994. These interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical review procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying condensed financial statements for them to be in conformity with generally accepted accounting principles.

/s/ COOPERS & LYBRAND L.L.P.

COOPERS & LYBRAND L.L.P.  
Los Angeles, California  
October 27, 1995

BERRY PETROLEUM COMPANY  
Part I. Financial Information  
Item I. Financial Statements  
Condensed Balance Sheets  
(In Thousands Except Share Information)

	September 30, 1995 (Unaudited)	December 31, 1994
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 3,333	\$ 7,466
Short-term investments - available for sale	22,699	27,617
Accounts receivable	8,318	9,471
Prepaid expenses and other	3,197	4,388
	37,547	48,942
Oil and gas properties (successful efforts basis), buildings and equipment, net	77,476	66,915
Other assets	491	2,397
	\$ 115,514	\$ 118,254
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 3,001	\$ 6,032
Accrued liabilities	4,576	4,637
	7,577	10,669
Deferred income taxes	17,425	18,953
Shareholders' equity:		
Preferred stock, \$.01 par value; 2,000,000 shares authorized; no shares outstanding	-	-
Capital stock, \$.01 par value;		
Class A Common Stock, 50,000,000 shares authorized; 21,033,065 shares issued and outstanding at September 30, 1995 (21,033,169 at December 31, 1994)	210	210
Class B Stock, 1,500,000 shares authorized; 898,892 shares issued and outstanding (liquidation preference of \$899)	9	9
Capital in excess of par value	52,851	52,852
Retained earnings	37,442	35,561
	90,512	88,632
	\$ 115,514	\$ 118,254

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

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BERRY PETROLEUM COMPANY  
Part I. Financial Information  
Item I. Financial Statements  
Condensed Statements of Operations  
Three Month Periods Ended September 30, 1995 and 1994  
(In Thousands Except Per Share Data)  
(Unaudited)

	1995	1994
<b>Revenues:</b>		
Sales of oil and gas	\$ 12,159	\$ 11,644
Interest and other income, net	710	308
	12,869	11,952
<b>Expenses:</b>		
Operating costs	4,577	5,330
Depreciation, depletion and amortization	1,903	1,660
Dry hole and abandonment costs	103	95

General and administrative	1,091	1,039
	<u>7,674</u>	<u>8,124</u>
Income before income taxes	5,195	3,828
Provision for income taxes	1,821	1,219
Net income	<u>\$ 3,374</u>	<u>\$ 2,609</u>
	=====	=====
Net income per share	<u>\$ .16</u>	<u>\$ .12</u>
	=====	=====
Weighted average number of shares of capital stock used to calculate earnings per share	21,932	21,932
	=====	=====
Cash dividends per share	<u>\$ .10</u>	<u>\$ .10</u>
	=====	=====

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

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BERRY PETROLEUM COMPANY  
Part I. Financial Information  
Item 1. Financial Statements  
Condensed Statements of Operations  
Nine Month Periods Ended September 30, 1995 and 1994  
(In Thousands Except Per Share Data)  
(Unaudited)

	1995	1994
Revenues:		
Sales of oil and gas	\$ 35,024	\$ 28,569
Interest and other income, net	1,800	1,040
	<u>36,824</u>	<u>29,609</u>
	=====	=====
Expenses:		
Operating costs	14,372	15,060
Depreciation, depletion and amortization	5,180	5,609
Dry hole and abandonment costs	234	5,232
Impairment of properties	-	2,915
Oil spill costs	-	1,344
General and administrative	3,456	3,724
	<u>23,242</u>	<u>33,884</u>
	=====	=====
Income (loss) before income taxes	13,582	(4,275)
Provision (benefit) for income taxes	5,122	(1,621)
Net income (loss)	<u>\$ 8,460</u>	<u>\$ (2,654)</u>
	=====	=====
Net income (loss) per share	<u>\$ .39</u>	<u>\$ (.12)</u>
	=====	=====
Weighted average number of shares of capital stock used to calculate earnings per share	21,932	21,932
	=====	=====
Cash dividends per share	<u>\$ .30</u>	<u>\$ .30</u>
	=====	=====

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

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BERRY PETROLEUM COMPANY  
Part I. Financial Information  
Item 1. Financial Statements  
Condensed Statements of Cash Flows  
Nine Month Periods Ended September 30, 1995 and 1994  
(In Thousands)  
(Unaudited)

	1995	1994
Cash flows from operating activities:		
Net income (loss)	\$ 8,460	\$(2,654)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depletion, depreciation and amortization	5,180	5,609
Dry hole, abandonment costs and property impairment	13	7,771
Decrease in deferred income tax liability	(1,528)	(1,990)
Other, net	(49)	186
	<hr/>	<hr/>
Net working capital provided by operating activities	12,076	8,922
Decrease in accounts receivable, prepaid expenses and other	2,344	5,493
Decrease in current liabilities	(3,092)	(7,059)
	<hr/>	<hr/>
Net cash provided by operating activities	11,328	7,356
Cash flows from investing activities:		
Capital expenditures	(13,779)	(4,121)
Maturities of short-term investments	7,932	28,740
Purchase of short-term investments	(3,014)	(23,985)
Other, net	(22)	-
	<hr/>	<hr/>
Net cash provided by (used in) investing activities	(8,883)	634
Cash flows from financing activities:		
Dividends paid	(6,578)	(6,580)
	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	(4,133)	1,410
Cash and cash equivalents at beginning of year	7,466	9,457
	<hr/>	<hr/>
Cash and cash equivalents at end of period	\$ 3,333 =====	\$10,867 =====
Supplemental disclosures of cash flow information:		
Income taxes paid	\$ 4,924 =====	\$ - =====

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

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BERRY PETROLEUM COMPANY  
Part I. Financial Information  
Item 1. Financial Statements  
Notes to Condensed Financial Statements  
September 30, 1995  
(Unaudited)

1. All adjustments which are, in the opinion of management, necessary for a fair presentation of the Company's financial position at September 30, 1995 and December 31, 1994 and results of operations and cash flows for the nine

month periods ended September 30, 1995 and 1994 and results of operations for the three month periods ended September 30, 1995 and 1994 have been included. All such adjustments are of a normal recurring nature. The results of operations and cash flows are not necessarily indicative of the results for a full year.

2. The accompanying unaudited financial statements have been prepared on a basis consistent with the accounting principles and policies reflected in the December 31, 1994 financial statements. The December 31, 1994 Form 10-K and the Form 10-Q for the periods ended June 30 and March 31, 1995 should be read in conjunction herewith. The year-end condensed balance sheet was derived from audited financial statements, but does not include all disclosures required by generally accepted accounting principles.

3. The Company went to trial in April 1993 before the U.S. Tax Court on certain unresolved federal tax issues relating to the years 1987 through 1989. The Court's decision was rendered in May of this year, resulting in an approximate \$.5 million charge in the second quarter of 1995. The Company is pursuing the appeal of the Court's decision with respect to certain issues.

4. On December 25, 1993, the Company experienced a crude oil spill on its PRC 735 State lease located in the West Montalvo field in Ventura County, California. The spill required clean-up of the area directly around the pipe as well as the nearby ocean and an agricultural runoff pond. Working closely with the United States Coast Guard, the California Department of Fish and Game, and other regulatory agencies, the Company substantially completed the clean-up of the spill in January 1994. Certain United States and State of California governmental authorities have been investigating the circumstances surrounding the spill and related liability issues. The Company negotiated a resolution of the state criminal investigation for a total of \$600,000 in August 1994. There is no final resolution regarding potential civil and federal criminal penalties, if any, at this time.

Management believes the Company has an adequate amount of insurance coverage for the majority of the costs associated with the spill and has received preliminary coverage letters from its insurance carriers tendering coverage, subject to certain reservations. Definitive determination will not become known until some time in the future. The Company estimates the total cost of the spill, net of insurance reimbursement, to be a minimum of \$3.3 million and a maximum of \$5.1 million. Since no other amount in the range is more likely to occur, the minimum amount was expensed by the Company (\$1.3 million in the second quarter of 1994 and \$2 million in 1993). The costs incurred and estimated to be incurred in connection with the spill not yet paid by the Company are included in accrued liabilities at September 30, 1995, and the probable remaining minimum insurance reimbursement is included in accounts receivable. As of September 30, 1995, the Company had received approximately \$7.9 million under its insurance coverage as reimbursement for costs incurred and paid by the Company associated with the spill.

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BERRY PETROLEUM COMPANY  
Part I. Financial Information  
Item 2. Management's Discussion and Analysis of  
Financial Condition and Results of Operations

Results of Operations

The Company had net income of \$8.5 million for the nine months ended September 30, 1995 (\$.39 per share) compared to a net loss of \$2.7 million for the nine months ended September 30, 1994 (\$.12 per share). During the three months ended September 30, 1995, the Company had net income of \$3.4 million (\$.16 per share), up 17% and 31%, respectively, from \$2.9 million (\$.13 per share) in the second quarter of 1995 and \$2.6 million (\$.12 per share) in the third quarter of 1994.

	Three Months Ended		Nine Months Ended		
	Sept 30, 1995	Jun 30, 1995	Sept 30, 1994	Sept 30 1995	Sept 30, 1994
Net production BOE/day	9,580	9,344	9,627	9,311	9,245
Average sales price/BOE	\$13.75	\$14.63	\$13.06	\$13.75	\$11.20
Operating costs/BOE	\$ 5.19	\$ 5.80	\$ 6.09	\$ 5.65	\$ 6.03
Depreciation/Depletion/BOE	\$ 2.01	\$ 1.71	\$ 1.69	\$ 1.88	\$ 2.03

Operating income from producing operations was \$5.8 million in the third quarter of 1995, down 5% from \$6.1 million in the three months ended June 30, 1995, but up 21% from \$4.8 million in the three months ended September 30, 1994.

The Company experienced higher production volumes and lower operating costs in the third quarter of 1995. However, these improvements in income were offset by weakening crude oil prices. The average price received by the Company in the third quarter was \$13.75, down 6% from \$14.63 in the second quarter of 1995, but up 5% from \$13.06 in the third quarter of 1994.

Oil and gas production of 9,580 BOE/day in the third quarter of 1995 was up 3% from 9,344 BOE/day in the second quarter of 1995, but down less than 1% from 9,627 BOE/day in the third quarter of 1994. In the first quarter of 1995 the Company initiated a 46 well drilling program on its Midway-Sunset properties which was substantially completed by the end of the second quarter. These new wells have reversed the declining production trend from our Midway-Sunset field leases and increased production for the field by 130 BOE/day and 250 BOE/day, respectively, compared to the three months ended June 30, 1995 and September 30, 1994.

The Company has also been successful in increasing production from its Montalvo field due to the conversion to a long stroke rod pump system on certain wells and the return to production of two wells on the PRC 735 lease. Production from these properties reached 1,348 BOE/day in September 1995, the highest level attained since the second quarter of 1993. For the three months ended September 30, 1995, the field averaged 1,054 BOE/day, 27% higher than both the 827 BOE/day average for the second quarter of 1995 and 831 BOE/day in the third quarter of 1994.

These gains were partially offset by a decline in gas production from the Company's properties since the third quarter of 1994 (by approximately 325 BOE/day) due to declining production from certain outside operated properties.

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Operating costs per BOE for the quarter ended September 30, 1995 were \$5.19, down 11% and 15%, respectively, from \$5.80 and \$6.09 for the three month periods ended June 30, 1995 and September 30, 1994. The largest factor contributing to the decline was lower steam costs caused by the purchase on August 1, 1995 of the remaining 55% partnership interest in the cogeneration plant which provides steam to the Company's homebase properties located in the Midway-Sunset field. Since this acquisition, the operating costs per BOE (excluding DD&A) for the homebase properties declined 24% to approximately \$3.79/BOE compared to an average of \$5.00/BOE incurred in the first seven months of 1995. Revenues generated by the sale of electricity from the cogeneration plant are recorded as a reduction to operating costs.

Dry hole and abandonment charges were \$.1 million in the third quarter of 1995 which is comparable to amounts incurred in the second quarter of 1995 and third quarter of 1994. However, in the nine month period ended September 30, 1994, the Company recorded \$5.2 million in dry hole and abandonment charges and \$2.9 million in impairment charges. Also, during the second quarter of 1994, the Company recorded a \$1.3 million charge to operations related to the spill as described in Part 1, Item 1, Note 4 of the Financial Statements.

To protect the Company's revenues from potential price declines, effective August 1, 1995, the Company entered into a bracketed zero cost collar hedge contract related to approximately 21% of its crude production with a California refiner. The posted price of the Company's 13 degree API gravity crude oil was used as the basis for the hedge. There is no initial cost to the Company and there will be no financial impact unless crude oil prices increase or decrease significantly from current levels.

Depreciation, depletion and amortization (DD&A) of \$2.01 per BOE was up 18% and 19% from \$1.71 per BOE in the second quarter of 1995 and \$1.69 per BOE in the third quarter of 1994, respectively. DD&A has increased compared to the second quarter primarily due to depreciation related to the purchase of the cogeneration facility and a higher depreciable basis of the Company's property and equipment.

General and administrative expenses were \$1.1 million in the third quarter, down 8% from \$1.2 million in the second quarter of 1995 but up from \$1.0 million incurred in the three months ended September 30, 1994. General and administrative expenses for the nine months ended September 30, 1995 were \$3.5 million, down 5% from \$3.7 million in the first nine months of 1994. The Company's effective tax rate was 38% in the first nine months of 1995 compared to a tax benefit of 38% in the first nine months of 1994.

#### Liquidity and Capital Resources

Working capital at September 30, 1995 was \$30.0 million, down 13% from \$34.3 million at June 30, 1995 and 22% from \$38.3 million at December 31, 1994. Working capital provided by operations of \$12.1 million for the first nine months of 1995 was 36% higher than \$8.9 million for the first nine months of 1994. The primary reasons for the increase were higher oil prices, higher

production volumes and lower operating costs due to the purchase of the Berry cogeneration facility. Working capital, however, has declined in 1995 due to capital expenditures of \$13.8 million, which included the purchase of the remaining 55% interest in the cogeneration facility for approximately \$5.2 million. In addition, the Company paid dividends of \$6.6 million and approximately \$2.9 million in federal and state taxes and accrued interest resulting from several decisions by the U.S. Tax Court against the Company.

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Future Developments

The Company currently sells the electricity produced by its cogeneration facility to a large California-based utility under a contract which determines the electricity payment based upon electrical capacity and by energy provided. This contract will expire on January 15, 1997. Under current law, the Company has the right to enter into a similar contract upon expiration with the same utility at the same energy payment but a lower capacity payment. The Company is analyzing its options with respect to future electricity sales. Management believes that the current deregulation in the electrical utility industry (currently targeted for 1998 in California) may provide unique opportunities for the Company to maximize the benefits of its cogeneration facility. However, failure to achieve a similar or better contract than the existing contract, will likely result in higher operating costs than exist currently.

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Item 6. Exhibits and Reports on Form 8-K  
Exhibit 15 - Accountants' Awareness Letter

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 COMPANY



/s/ Jerry V. Hoffman  
Jerry V. Hoffman  
President and  
Chief Executive Officer

/s/ Ralph J. Goehring  
Ralph J. Goehring  
Chief Financial Officer  
(Principal Financial Officer)

/s/ Donald A. Dale  
Donald A. Dale  
Controller  
(Principal Accounting Officer)

Date: October 30, 1995

EXHIBIT 15. ACCOUNTANTS AWARENESS LETTER

COOPERS                    350 South Grand Avenue                    telephone (213) 356-6000  
& LYBRAND L.L.P.        Los Angeles, CA 90071-3405                facsimile (213) 356-6363

October 27, 1995

Securities and Exchange Commission  
450 Fifth Street, N.W.  
Washington D.C. 20549

Re: Berry Petroleum Company  
Commission File No. 1-9735

We are aware that our report dated October 27, 1995 on our review of the interim condensed financial statements of Berry Petroleum Company for the three and nine-month periods ended September 30, 1995, and included in the Company's quarterly report on Form 10-Q for the quarter then ended, is incorporated by reference in the registration statements on Form S-8 (File No. 33-23326 and 33-61337). Pursuant to Rule 436(c) under the Securities Act of 1933, this report should not be considered a part of the registration statements prepared or certified by us within the meaning of Sections 7 and 11 of that Act.

/s/ Coopers & Lybrand L.L.P.

Coopers & Lybrand L.L.P., a registered limited liability partnership, is a member firm of Coopers & Lybrand (International)

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE SEPTEMBER 30, 1995 FORM 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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 BERRY PETROLEUM COMPANY  
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	JAN-01-1995		
	SEP-30-1995		
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115,514			
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