

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, 1998

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 June 30, 1998 was 21,109,762 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.

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BERRY PETROLEUM COMPANY
JUNE 30, 1998
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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 June 30, 1998, the condensed statements of income for the three and six month periods ended June 30, 1998 and 1997, and the condensed statements of cash flows for the six month periods ended June 30, 1998 and 1997. 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.

We have previously audited, in accordance with generally accepted auditing standards, the balance sheet as of December 31, 1997, and the related statements of income, retained earnings and cash flows for the year then ended (not presented herein); and in our report dated February 20, 1998, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying condensed balance sheet as of December 31, 1997 is fairly stated, in all material respects, in relation to the balance sheet from which it has been derived.

/s/ PricewaterhouseCoopers LLP

Los Angeles, California
July 31, 1998

BERRY PETROLEUM COMPANY
Part I. Financial Information
Item 1. Financial Statements
Condensed Balance Sheets
(In Thousands, Except Share Information)

	June 30, 1998 (Unaudited)	December 31, 1997
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 7,301	\$ 7,756
Short-term investments available for sale	714	718
Accounts receivable	6,606	8,990
Prepaid expenses and other	1,939	1,979
	16,560	19,443
Oil and gas properties (successful efforts basis), buildings and equipment, net	157,410	157,441
Other assets	737	840
	\$ 174,707	\$ 177,724
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 3,413	\$ 4,432
Accrued liabilities	2,104	2,459
Federal and state income taxes payable	2,151	1,053
	7,668	7,944
Long-term debt	30,000	32,000
Deferred income taxes	26,043	25,909
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; 21,109,762 shares issued and outstanding at June 30, 1998 (21,094,494 at December 31, 1997)	211	211
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	53,363	53,442
Retained earnings	57,413	58,229
	110,996	111,871
	\$ 174,707	\$ 177,724

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 Income Statements
Three Month Periods Ended June 30, 1998 and 1997
(In Thousands, Except Per Share Data)
(Unaudited)

	1998	1997
Revenues:		
Sales of oil and gas	\$ 9,602	\$ 16,004
Interest and other income (expense), net	(147)	236
	9,455	16,240
Expenses:		
Operating costs	4,038	4,938

Depreciation, depletion and amortization	2,520	2,353
General and administrative	941	1,347
Interest and other, net	480	581
	<u>7,979</u>	<u>9,219</u>
Income before income taxes	1,476	7,021
Provision (benefit) for income taxes	(38)	2,369
	<u>1,514</u>	<u>4,652</u>
Net income	\$ 1,514	\$ 4,652
	=====	=====
Basic net income per share	\$.07	\$.21
	=====	=====
Diluted net income per share	\$.07	\$.21
	=====	=====
Cash dividends per share	\$.10	\$.10
	=====	=====
Weighted average number of shares of capital stock outstanding used to calculate basic net income per share	22,009	21,973
Effect of dilutive securities:		
Stock options	38	106
Warrants	3	7
	<u>41</u>	<u>113</u>
Weighted average number of shares of capital stock used to calculate diluted net income per share	22,050	22,086
	=====	=====

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 Income Statements
Six Month Periods Ended June 30, 1998 and 1997
(In Thousands, Except Per Share Data)
(Unaudited)

	1998	1997
Revenues:		
Sales of oil and gas	\$ 21,088	\$ 33,046
Interest and other income (expense), net	(56)	777
	<u>21,032</u>	<u>33,823</u>
Expenses:		
Operating costs	8,517	10,506
Depreciation, depletion and amortization	5,046	4,972
General and administrative	2,132	2,948
Interest and other, net	985	1,156
	<u>16,680</u>	<u>19,582</u>
Income before income taxes	4,352	14,241
Provision for income taxes	767	4,772
	<u>3,585</u>	<u>9,469</u>
Net income	\$ 3,585	\$ 9,469
	=====	=====
Basic income per share	\$.16	\$.43
	=====	=====
Diluted net income per share	\$.16	\$.43
	=====	=====
Cash dividends per share	\$.20	\$.20

Weighted average number of shares of capital stock outstanding used to calculate basic net income per share	22,005	21,970
Effect of dilutive securities:		
Stock options	70	93
Warrants	7	5
Weighted average number of shares of capital stock used to calculate diluted net income per share	22,082	22,068

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

BERRY PETROLEUM COMPANY
Part I. Financial Information
Item 1. Financial Statements
Condensed Statements of Cash Flows
Six Month Periods Ended June 30, 1998 and 1997
(In Thousands)
(Unaudited)

	1998	1997
Cash flows from operating activities:		
Net income	\$ 3,585	\$ 9,469
Depreciation, depletion and amortization	5,046	4,972
Increase in deferred income tax liability	134	2,307
Other, net	(119)	(665)
Net working capital provided by operating activities	8,646	16,083
Decrease in accounts receivable, prepaid expenses and other	2,423	1,594
Decrease in current liabilities	(275)	(2,538)
Net cash provided by operating activities	10,794	15,139
Cash flows from investing activities:		
Capital expenditures	(4,902)	(9,357)
Return of restricted cash	-	2,570
Other, net	55	491
Net cash used in investing activities	(4,847)	(6,296)
Cash flows from financing activities:		
Dividends paid	(4,402)	(4,395)
Payment of short-term notes payable	(2,000)	(6,900)
Proceeds from issuance of long-term debt	-	3,000
Payment of long-term debt	-	(3,000)
Other, net	-	14
Net cash used in financing activities	(6,402)	(11,281)
Net decrease in cash and cash equivalents	(455)	(2,438)
Cash and cash equivalents at beginning of year	7,756	9,970
Cash and cash equivalents at end of period	\$ 7,301	\$ 7,532
Supplemental disclosures of cash flow information:		
Income taxes paid (refund)	\$ (230)	\$ 2,685
Interest paid	\$ 968	\$ 1,238

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

BERRY PETROLEUM COMPANY
Part I. Financial Information
Item 1. Financial Statements
Notes to Condensed Financial Statements
June 30, 1998
(Unaudited)

1. All adjustments which are, in the opinion of Management, necessary for a fair presentation of the Company's financial position at June 30, 1998 and December 31, 1997, results of operations and cash flows for the six month periods ended June 30, 1998 and 1997 and results of operations for the three month periods ended June 30, 1998 and 1997 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, 1997 financial statements. The December 31, 1997 Form 10-K and the Form 10-Q for the period ended March 31, 1998 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. In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities." The provisions of the statement are effective for quarters beginning in the year 2000, but Management does not believe its implementation will have a material impact on the Company's financial statements.

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 \$3.6 million for the six months ended June 30, 1998, or \$.16 per share, down 62% from \$9.5 million, or \$.43 per share, for the first half of 1997. For the Company's second quarter, which ended on June 30, 1998, the Company had net income of \$1.5 million, or \$.07 per share, down 68% from \$4.7 million, or \$.21 per share, in the second quarter of 1997.

	Three Months Ended			Six Months Ended	
	June 30	March 31	June 30	June 30	June 30
	1998	1998	1997	1998	1997
Net Production-BOE/day	11,973	12,639	12,253	12,304	11,976
Per BOE data:					
Average sales price	\$ 8.81	\$10.03	\$14.26	\$ 9.43	\$15.18
Operating costs	3.05	3.26	3.83	3.15	4.21
Production taxes	.66	.68	.60	.67	.64
Total operating costs	3.71	3.94	4.43	3.82	4.85
Depreciation & Depletion (DD&A)	2.31	2.22	2.11	2.27	2.29
General and Administrative expenses(G&A)	.86	1.05	1.21	.96	1.36

Operating income was \$3.1 million in the second quarter of 1998 and \$7.7 million for the six months ended June 30, 1998, down 64% and 56%, respectively, from \$8.7 million and \$17.5 million for the second quarter and the first six months of 1997.

The decreases in operating income in the second quarter of 1998 and the first six months of 1998 from the same periods in 1997 were due to lower oil prices. Oil prices for the second quarter of 1998 of \$8.81 and \$9.43 in the first six months of 1998 were 38% lower than \$14.26 for the three months ended June 30, 1997 and \$15.18 for the first six months of 1997. In addition, the prices received in the second quarter and the first six months of 1998 include benefits of \$.75/BOE and \$.73/BOE, respectively, from a crude oil hedge contract with a California refiner which expires at the end of August 1998. Posted prices for the Company's 13 degree API crude oil remained at historically low levels for virtually all of the second quarter. They began the quarter at \$8.69, reached a low of \$6.56 on June 15, 1998, then rebounded slightly to close the quarter at \$8.00. Production of 11,973 BOE/day in the second quarter of 1998 was down from 12,253 BOE/day in the second quarter of 1997 and 12,639 BOE/day in the first quarter of 1998. However, production for the six months ended June 30, 1998 was 12,304 BOE/day, 328 BOE/day higher than the equivalent period in 1997.

Due to low oil prices, the Company implemented many cost reduction measures in the first quarter of 1998. These included the reduction in usage of conventional steam generators, the shut-in of marginal wells and the reduction in the utilization of service rigs. These three factors helped the Company achieve very low operating costs, but also resulted in lower production for the second quarter. Approximately 350 BOPD in marginal production was shut-in at June 30, 1998. Late in the second quarter of 1998, the Company re-evaluated its steam program and adjusted to smaller steam cycles to maximize the effectiveness of the steam available for injection and has resumed production of steam from a portion of the conventional sources which were idled in the first quarter. The number of service rigs was also increased so that all the Company's economical producers are kept on production and to accommodate smaller steam cycles. These measures combined with our 1998 drilling and development program have resulted in the elimination of the decline trend experienced this year and the Company expects these measures to result in higher production rates for the balance of the year.

Operating costs for the three months ended June 30, 1998 were \$4.0 million, down 18% and 11%, respectively, from \$4.9 million in the second quarter of 1997 and \$4.5 million in the first quarter of 1998. Due to its cost control efforts, the Company has achieved record low operating costs on a per BOE basis of \$3.71 in the second quarter, down from \$3.94 in the first quarter of 1998 and \$4.43 in the second quarter of 1997. The reductions were due primarily to the decrease in the number of service rigs utilized, a 10% reduction in the salaries of all operating personnel and personnel reductions, a mandated 10% reduction in power rates and the shut-in of marginal wells. The overall cost of steaming increased from both the first quarter of 1998 and the second quarter of 1997 due primarily to slightly less favorable pricing conditions related to the Company's two cogeneration facilities.

DD&A/BOE was \$2.31 in the three months ended June 30, 1998, up from \$2.11 in the second quarter of 1997 and \$2.22 in the first quarter of 1998. The increases were due primarily to capital additions related to the development of the Company's properties.

The Company achieved another record low G&A on a per BOE basis during the second quarter. G&A in the period was \$.9 million, or \$.86/BOE, down 31% from \$1.3 million, or \$1.21/BOE in the second quarter of 1997 and 25% from \$1.2 million, or \$1.05/BOE, in the first quarter of 1998. Comprehensive measures were taken in many areas to reduce costs and cope with the low oil price environment which the Company currently faces. Along with other measures, the Company benefited from actions taken in March 1998 to reduce staff and implement a 10% salary reduction for all employees, with certain members of management taking an even larger percentage reduction.

The Company experienced an effective tax rate of 18% for the six-month period ending June 30, 1998, down from 34% for the same period in 1997. This substantial decrease was due to the Company's continuing significant investment in qualifying enhanced oil recovery projects and applying the respective credits to lower earnings. The Company expects its effective tax rate to increase upon a recovery in oil prices.

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To conserve the Company's working capital, management reduced the Company's capital development program from \$13.5 million to the present level of \$6.3 million. This revised program was close to completion as of June 30, 1998, with 20 new development wells, including 3 horizontal wells in the Company's core South Midway-Sunset field and 14 of the 20 budgeted workovers completed. Management continues to evaluate its capital program and may elect to reinstate portions of the original program if oil prices improve in the second half of the year. The Company is continuing its efforts to become year 2000 compliant and believes its original budget of \$.6 million is sufficient to achieve this goal.

Liquidity and Capital Resources

Working capital at June 30, 1998 was \$8.9 million, down \$1.5 million from \$10.4 million at March 31, 1998 and down \$2.6 million from \$11.5 million at December 31, 1997. Net cash provided by operations was \$10.8 million for the six months ended June 30, 1998, down 28% from \$15.1 million in the six months ended June 30, 1997. Cash was used to pay dividends of \$4.4 million and for capital expenditures of \$4.9 million in the 1998 period. The Company continues to maintain its borrowing base at \$35 million under its existing credit facility.

Future Developments

The Company has been involved in a lawsuit related to a receivable due on the sale of its Rincon properties in 1995. In the second quarter of 1998, a jury trial was concluded and a judgment was entered in favor of the Company for the amount due plus legal fees, interest and other costs. The total judgment was \$1 million, of which only \$.5 million had been recorded as a receivable due the Company. The Company was paid \$.1 million on the total due in June 1998. The Company is taking the necessary steps to collect the remaining amount due.

On July 31, 1998, the Company purchased oil and gas properties, representing approximately 280 acres, from a large independent oil and gas company for \$3.1 million in cash. The properties are adjacent to the Company's core South Midway-Sunset properties and presently produce approximately 260 B/D of heavy crude oil from 14 wells with estimated proved reserves of 1.3 million barrels. The acquisition included the assignment of a contract calling for delivery of a minimum of 2,000 B/D of steam to the Company.

Forward Looking Statements

"Safe harbor under the Private Securities Litigation Reform Act of 1995": With the exception of historical information, the matters discussed in this Form 10-Q are forward-looking statements that involve risks and uncertainties. Although the Company believes that its expectations are based on reasonable assumptions, it can give no assurance that its goals will be achieved. Important factors that could cause actual results to

differ materially from those in the forward-looking statements herein include the timing and extent of changes in commodity prices for oil and gas, environmental risks, drilling and operating risks, uncertainties about the estimates of reserves and government regulation.

BERRY PETROLEUM COMPANY
Part II. Other Information

Item 4. Submission of Matters to a Vote of Security Holders

At the annual meeting, which was held at the Company's corporate offices on May 15, 1998, ten incumbent directors were re-elected. Also, the Company's Amended and Restated 1994 Stock Option Plan was approved as was the Non-Employee Director Deferred Stock and Compensation Plan. The results of voting as reported by the inspector of elections are noted below:

1. There were 22,008,654 shares of the Company's capital stock issued, outstanding and entitled to vote as of the record date, March 16, 1998.
2. There were present at the meeting, in person or by proxy, the holders of 19,636,831 shares, representing 89.22% of the total number of shares outstanding and entitled to vote at the meeting, such percentage representing a quorum.

PROPOSAL ONE: Election of Directors

NOMINEE	FOR VOTES	PERCENTAGE	WITHHELD AUTHORITY
W. Berry	19,601,004	99.82%	35,827
R. Busch, III	19,600,504	99.82%	36,327
R. Downs	19,600,904	99.82%	35,927
J. Hoffman	19,601,104	99.82%	35,727
R. Martin	19,601,004	99.82%	35,827
G. Biller	19,600,904	99.82%	35,927
W. Bush	19,600,604	99.82%	36,227
J. Hagg	19,601,104	99.82%	35,727
T. Jamieson	19,601,104	99.82%	35,727
J. Middleton	19,595,704	99.79%	41,127

PROPOSAL TWO: To approve the Company's Amended and Restated 1994 Stock Option Plan.

	SHARES	PERCENTAGE	
FOR VOTE	13,142,254	66.93%	
AGAINST VOTE	4,766,244	24.27%	
ABSTAIN VOTE	390,621		1.99%
BROKER NON-VOTE	1,337,712	6.81%	
	19,636,831	100.00%	

Percentages are based on the shares represented and voting at the meeting in person or by proxy.

Item 4. Submission of Matters to a Vote of Security Holders (cont'd)

PROPOSAL THREE: To approve the Non-Employee Director Deferred Stock and Compensation Plan.

	SHARES	PERCENTAGE
FOR VOTE	14,540,057	74.05%

AGAINST VOTE	2,687,043	13.68%
ABSTAIN VOTE	1,204,474	6.13%
BROKER NON-VOTE	1,205,257	6.14%
	19,636,831	100.00%

Percentages are based on the shares represented and voting at the meeting in person or by proxy.

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
 Chairman, President and
 Chief Executive Officer

/s/ Ralph J. Goehring
 Ralph J. Goehring
 Senior Vice President and
 Chief Financial Officer
 (Principal Financial Officer)

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

Date: August 3, 1998

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EXHIBIT 15. ACCOUNTANTS AWARENESS LETTER

PricewaterhouseCoopers LLP
 350 South Grand Avenue
 Los Angeles, CA 90071-3405
 telephone (213) 356-6000
 facsimile (213) 356-6363

July 31, 1998

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 July 31, 1998 on our review of the interim condensed financial statements of Berry Petroleum Company for the three and six month periods ended June 30, 1998, 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. 33-61337). 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/ PricewaterhouseCoopers LLP

6-MOS			
	DEC-31-1998		
	JUN-30-1998		
			7,301
		714	
		6,606	
		0	
		0	
	16,560		233,607
		76,197	
		174,707	
	7,668		0
	0		0
		0	220
		110,776	
174,707			
			21,088
	21,032		0
		13,563	
		2,132	
		0	
		985	
		4,352	
		767	
	3,585		
		0	
		0	
			0
		3,585	
		.16	
		.16	