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BRY.OQ - Q4 2019 Berry Petroleum Corp Earnings Call

EVENT DATE/TIME: FEBRUARY 27, 2020 / 2:00PM GMT

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PRESENTATION

Operator

Good morning, ladies and gentlemen, and thank you for standing by. Welcome to the Berry Corporation Quarter 4 and Full Year 2019 Earnings Call. (Operator Instructions) As a reminder, this conference call is being recorded. I would now like to hand the call over to your host, Ms. Todd Crabtree, Manager of Investor Relations. Todd, you may begin.

Todd Crabtree - *Berry Corporation - Manager of IR*

Thank you, Rusty, and welcome to everyone. Thank you for joining us on this teleconference to discuss Berry's fourth quarter and full year 2019 results.

Yesterday afternoon, Berry issued an earnings release with these results. Speaking this morning will be Trem Smith, Board Chair and CEO; Gary Grove, Chief Operating Officer and Executive Vice President; and Cary Baetz, Chief Financial Officer and Executive Vice President. Trem will review highlights from the fourth quarter and full year 2019 and also discuss some important strategic initiatives that are in the works. Gary and then Cary will discuss our key operational and financial results. Before turning it over to questions, Trem will make a few concluding remarks.

Before we begin, I want to call your attention to the safe harbor language found in our earnings release. The earnings release in today's discussion contains certain projections and other forward-looking statements within the meaning of federal securities laws. These statements are subject to risks and uncertainties that may cause actual results to differ materially from those expressed or implied in these statements. These include risks and other factors outlined in our filings with the SEC including our 2019 Form 10-K that will be filed later today.

Our website, bry.com, has a link to the earnings release and our most recent investor presentation, which will be referenced in this call. Any information, including forward-looking statements made on this call or contained in the earnings release and that presentation reflect our analysis as of the date made. We have no plans or duty to update them except as required by law. Please refer to the tables in our earnings release and on our website for a reconciliation between all adjusted measures mentioned during today's call and the related GAAP measures. We will also post the replay link of this call and the transcript on our website. I will now turn the call over to our CEO, Trem Smith.

Arthur T. Smith - *Berry Corporation - Chairman, President & CEO*

Thank you, Todd, and thanks, everyone, for joining us today for Berry's Fourth Quarter and Full Year 2019 Earnings Call.

Shortly, I will provide an update on the California regulatory environment and address the successful steps we are taking to proactively and collaboratively work with the state. However, I will first talk about our successful efforts in those matters that we control, our strong fourth quarter and our full year 2019 operating and financial results and our planned 2020 program. 2019 was a great year for Berry, and we finished it with a great fourth quarter. Our business model is working. This is demonstrated by our total returns to shareholders and strong production and reserve profile, which we delivered while generating excess levered free cash flow. Notably, we finished a strong year with robust production growth as our fourth quarter California production was 11% more than the prior quarter and 18% more than the fourth quarter of 2018. We have gained great momentum in 2 critical areas of focus for us, diversity and inclusion and being an industry leader. For example, we enhanced our leadership across the company with the addition of 2 exceptional female executives to our senior leadership team. Secondly, we exemplified being an industry leader by following what you've often heard me reference as Berry First.

This is the principle of leading, not following what others in the industry may be doing. Our commitment to an accelerated idle well plan is 1 example of this, as is our participation in the ongoing conversations of how fossil fuels, in fact, help pave the way to a greener future.

As we promised a year ago, we remain committed to California and are striving to align with the state's goals as a responsive and responsible energy partner. In 2019, we deployed more than 90% of our capital in California. Our assets responded just as we expected, with 2019 total year California production growing 15% year-over-year. We also grew our California reserves, which are entirely oil 23% before production on a year-over-year basis. This means we replaced nearly 300% of the reserves that we produced during the year. We also replaced 159% of our total company proved undeveloped inventory, confirming that there are robust opportunities in California. We produced these results while generating nearly $20 million in excess levered free cash flow.

Our key financial benchmark includes paying our dividends, interest and maintenance capital. We are uniquely positioned to create shareholder value throughout energy market cycles and use several value-maximizing mechanisms to accomplish this goal during the year. Our business model is not solely reliant on production growth to maximize shareholder value. To start, Berry paid $39 million in dividends during 2019, which is generously covered by free cash flow. Since our IPO, we have returned more than $65 million of capital to shareholders in the form of regular, quarterly dividends and our Board recently approved our first quarter 2020 dividend, marking our seventh consecutive quarter. We have repurchased more than 6% of our outstanding shares for approximately $50 million. And the Board recently authorized an additional $50 million of opportunistic repurchases. We have maintained enviable financial leverage with debt-to-EBITDA at about 1.4x, well within our stated financial policy. And we have the flexibility to opportunistically repurchase our outstanding bonds. Finally, we are continuously looking for attractive acquisition targets that meet strict value creation and returns-focused financial and strategic criteria.

Turning to 2020 now, we are building on the momentum from 2019 and excited to augment our work in the year ahead, primarily through 3 key focus areas. One, operational execution and capital discipline; two, regulatory engagement; and three, focus on environmental, social and governance or ESG initiatives. First, we remain intently focused on planning for and executing operational and financial strategies. Our 2020 capital program reflects our disciplined and returns-focused approach and commitment to value creation. Given shareholder expectations for greater returns, the volatility and current weakness in commodity prices and the challenging market environment, we are moderating our 2020 capital budget to a range of $125 million to $145 million, down from the $211 million in 2019. It is worth noting that our 2020 plans anticipate primarily sandstone development, which does not require high-pressure cyclic steam or hydraulic stimulation. Our abundant inventory of opportunities and rolling 2-year budget planning enables us to adapt to the evolving regulatory environment in California without changing our financial or value creation principles. We expect our 2020 plan to generate year-over-year production growth, while producing attractive excess levered free cash flow. We expect California production, which is entirely oil with Brent-based pricing to grow in the low double digits year-over-year.

This brings me to our second key focus area. Regulatory engagement. Let me address the issue in most of our mines. The Governor of California announced in November 2019, a temporary moratorium on "high-pressure cyclic steam" projects. This moratorium only puts on hold our new thermal diatomite drilling projects. However, it does not impact our existing thermal diatomite production or approved permits. It also does not impact our sandstone development projects, which, as I just mentioned, comprised the bulk of our 2020 plans. We are proactively engaged in the regulatory and legislative process in California, remaining steadfast in our commitment to the state, both in energy production and safeguarding its citizens' well being.

By working with the legislators and regulators at all levels of the government on the front end of the regulatory process, we are gaining insight, making progress and effectively minimizing the impact of new regulations and legislation and mitigating the risk of permitting delays. In 2019, California state regulators imposed new idle well management regulations. We have, and we will continue to comply with these new regulations. In addition, we also abandoned wells earlier than required as part of our planned development in certain reservoirs. Accordingly, for both these reasons, we increased our plugging and abandonment spending in 2019 to approximately $27 million, and our 2020 plans include a similar level of activity.

Berry is committed to being responsible and conscientious producer. This leads me to our third area, key focus area. ESG initiatives.

As seen on Slide 7 of our investor presentation, we are formalizing how we monitor and manage our ESG performance and engage with our stakeholders on these important issues. We believe that the oil & gas industry is and will remain an important part of the energy landscape, in California specifically, that means locally producing and supplying affordable and reliable energy to ensure a safe, healthy and prosperous future for its communities and reducing California's reliance upon imported foreign oil that comes from countries that do not share, and in fact, blatantly disregard our environmental and social justice principles. We will provide more details about our ESG performance and initiatives via our new website, which we will roll out in mid-March. I will now turn it over to Gary.

Gary A. Grove - *Berry Petroleum Company, LLC - Executive VP & COO*

Thank you, Trem, and thanks, everyone, for joining us. Our operational results in the final quarter of 2019 continued the strong performance we achieved in the third quarter and our full year 2019 production was principally in line with our plan. Full details are contained in the 10-K, but I'd like to focus on a few items in particular. First, our production results. We concentrate on creating long-term value and focus more on growth rates over a longer period of time than just sequentially quarter-to-quarter.

Our fourth quarter total company production of 31,300 BOE per day grew 12% over the fourth quarter of 2018. In California specifically, fourth quarter production of 25,500 BOE per day was 18% greater than the fourth quarter of 2018. With a large majority of our capital program focused on California, this is exactly what we expect from our property set. In addition to executing on our plan, we've added significantly to our inventory of opportunities. As we continue to invest the majority of our capital on high-margin California-only 100% oil-producing projects, our production mix in the fourth quarter rose to 89% oil, 10% gas and 1% NGLs, with California making up 81% of total production. For the entire year, our production mix was 87% oil.

Turning to capital. Our spending for the quarter and for the full year were as planned, CapEx for the fourth quarter of 2019 was $42 million and we spent a total of $211 million in 2019. In California, we drilled a total of 46 wells in the fourth quarter, 34 thermal sandstone wells, of which 29 were producers, 3 were continuous injectors and 2 were delineation wells, along with 10 thermal diatomite wells. And we also drilled 2 wells in Utah during the quarter. In aggregate, during 2019, we drilled a total of 338 wells, consisting of 184 thermal sandstone and 151 thermal diatomite wells in California and 3 wells in Utah.

As Trem said, we plan to decrease capital in 2020, compared to 2019. We're currently running 1 rig in California and plan to add up to 2 additional rigs during the last 3 quarters of the year. To adhere to the plugging and abandon requirements that California implemented as well as our desired abandonments necessary for our thermal diatomite development, we spent $27 million in well and surface abandonments or asset retirement obligations, ARO, over the year and $7 million in the fourth quarter. We've submitted our full multiyear idle well management plan to CalGEM, and we are actively executing on that plan.

Next, I'll touch on expenses. Our fourth quarter OpEx was $20.37 per BOE versus $18.90 per BOE in the third quarter, an increase of 8%. Our annual OpEx for 2019 was $20.32 per BOE, up from $18.33 per BOE in 2018.

As expected, the increase from year-to-year was mainly due to higher hedge fuel pricing and increased oil mix of our properties, which generally have higher cost than gas properties and increased spending to maintain and optimize our infrastructure while accelerating activities related to the state's goals of proactively managing idle or mature assets.

We are committed to operating our properties at the highest levels. For example, in the fourth quarter, we spent approximately $2.9 million to address some inherited long-term delayed maintenance on some of our equipment and we additionally rolled out our new computerized maintenance management system to ensure the reliability of all of our equipment moving forward. Our natural gas fuel usage rate increased from the third quarter to the fourth quarter by approximately 3,000 MMBtu per day from 75,300 MMBtu per day to 78,700 MMBtu per day. This is mainly a result of bringing on more thermal diatomite wells during the quarter.

Again, we remain focused on reducing steam-oil ratios or SOR across our properties as part of our focus on operating margin and cost. Cost control is a key item for us as we move forward. Even as we move more of our production to 100% oil operations, we focus on OpEx control opportunities. We remain committed to being a top-tier operator in the state and believe we can meet both operational and future ESG goals collectively.

Finally, looking forward to 2020. Our plans for 2020 are to drill 195 to 225 new sandstone wells using capital of approximately $125 million to $145 million. And we're targeting average daily production in the range of 29,500 BOE per day to 32,500 BOE per day. As part of the 2020 plan, 36 thermal diatomite wells we drilled in 2019 are expected to be placed on production during the year. I'll now turn it over to Cary for some financial results.

Cary D. Baetz - *Berry Corporation - Executive VP, CFO & Director*

Thanks, Gary. The financials and explanation of variances are located in the press release and will be available later today in our 10-K, so I won't rehash it here. As Trem and Gary have both pointed out, things at Berry are moving up and to the right. We've seen the assets respond to capital as we expected, and we've seen substantial value created in our California reserves. Our hedging portfolio continues to provide us with clarity to our cash flow for 2020. Our oil hedge portfolio now has 16,000 barrels per day of our 2020 production hedged at $64.15 brent and another 1,000 barrels per day hedged through April of 2020 at $61.75 WTI.

On the OpEx side, we are also well hedged on our gas through October of this year and have begun adding to our 2021 position at about $2.50 MMBtu range. Please see slides 20, 21 and 31 of our February 20 investor presentation for more details. In the earnings release, we gave some highlights to our 2020 budget. We are, again, expecting solid growth -- oil growth in California in the range of 10% to 12%.

Most of this growth should come in the first 3 quarters of 2020 as our 2019 production growth started in the second half of 2019. We are looking at similar fourth quarter exit rates in 2020 as the fourth quarter of 2019. And we should achieve these numbers spending between $125 million and $145 million on capital. There are a few other items I'd like to highlight. One, OpEx is expected to be up year-over-year. As Gary discussed, we are being proactive in our maintenance program and spending additional OpEx dollars to stay ahead of any potential problems. We also see higher OpEx on a per-barrel basis as we continue to get oilier. We should be roughly 90% oil in 2020, up more than 3% from 2019. Oil production costs more than gas. And as we get oilier, we see higher costs but also realize higher prices, slightly higher cost coupled with slightly higher prices should equate to slightly better margins. In short, it's just math. Second, our adjusted G&A which excludes noncash stock comp and nonreoccurring items is expected to be about $5 a barrel at the mid range. This is in line with our 2019 annual number. We are planning for increased expenses in our regulatory and legislative areas including around permitting as well as some system enhancements. The rest of our adjusted G&A components should be at or below the 2019 run rate. Third, while we expect to generate production growth in 2020, our focus remains on building value for our shareholders, our goal is to continue to pay one of the industry's best dividend yields. At today's pricing, we expect to generate solid levered free cash flow. And we should have a lot of optionality with the excess cash, including, but not limited to, increase in our regular dividend or special dividend, stock or debt repurchases, bolt-on acquisitions and building of cash. As Trem pointed out, we aren't shy about returning capital.

In 2019, between dividends and share repurchases, we returned over 17% based upon the current market value. In the coming year, we plan to move our financial performance by focusing on our margins, being proactive in the market and staying committed to our disciplined and return-focused financial policy. And as I've already stated, we expect a continued oil growth with excess free cash flow after our capital program.

My last comments are on our reserves. Trem gave some highlights to our reserve growth in California, where reserves were up 24.5 million barrels or 23% before production on a year-over-year basis. In addition, we also saw our reserve-replacement ratio increase to nearly 300% from 275%, and our P1, P2, P3 inventory locations grew to approximately 11,000 drilling locations, exemplifying our California assets respond to capital and that we are creating long-term value at Berry. Thank you, and I'll turn it back over to you, Trem.

Arthur T. Smith *- Berry Corporation - Chairman, President & CEO*

Summarizing 2019. Berry grew production by double digits and returned $85 million of capital back to its shareholders. Berry is a cash flow machine. In light of this and before turning it over for questions, I'd like to make a comment on the 2020 budget, market sentiment and the importance of oil in the energy sector. First, our budget, our ability to meet our budget depends in large part on the timing of permits.

The permitting process at the state level has evolved over the last year and continues to do so. I highlight this because on Tuesday, Kern County received an adverse court ruling that impacts the county's ability to issue permits requiring companies to revert to the pre-2015 permitting process. The county is working with counsel and industry groups to develop their next steps. Regardless of how the county decides to respond, we are moving forward with our very first approach to mitigate the impact of this issue on Berry. We are confident we have the awareness, ability and credibility to mitigate permitting issues, and we are working proactively with CalGEM and the county to receive timely permits. However, we must recognize that certain things are out of our control. If permit timing does indeed slow down, we won't spend as much capital, we will generate more cash and we will see a lower fourth quarter-to-fourth quarter exit rate. Remember, Berry's corporate decline rate is only 13%.

Second, on market sentiment. We know we compete in the space in an industry in the United States that over the last several years has been driven by a lack of capital discipline and accountability and the capital markets' thirst for production growth. That has created a surplus of light sweet crude in a global market that requires, actually demands heavy oil. Our model does not manage to the short term, but focuses on creating long-term value for our shareholders as we have clearly demonstrated in 2019. California has been producing conventional heavy oil for well over 100 years. And that is not changing anytime soon. Berry has clear visibility to value creation as we understand our long-term costs, decline curves and the reinvestment capital required to sustain flat production. We know how to generate free cash flow.

Now on to the energy sector. Look, we understand that renewable energy is a good thing for California and the globe and Berry wholeheartedly supports its growth as part of the energy mix. Over the world, and in particular, California is using more oil today than it did yesterday and that isn't likely to change in the near term.

And the reality is renewables have their impact on the environment too. In fact, according to Mark Mills of the Manhattan Institute, to grow the number of electric vehicles on the road to 400 million by 2040 or 100x would only displace about 5% of global oil demand. Further, Mills reminds us that to fabricate 1,000-pound electric vehicle battery pack requires digging up, moving and processing more than 500,000 pounds of raw materials somewhere on the planet. EVs do not come without a significant environmental cost. This means oil isn't going anywhere. We need a balanced environmental strategy that leverages the best of all energy resources to create an achievable, affordable and environmentally sensitive solution for everyone.

For California, in particular, this means that until the usage rate substantially declines, the state needs environmentally and socially aware, local producers like Berry. It needs to rely less on waterborne imports from OPEC nations, which do not share California's social justice and environmental goals.

Berry does support these goals and is committed to being a long-term oil producer, and therefore, part of the energy solution for California. Berry is proactively taking measures to grow our business with great respect for the environment, looking for opportunities to reduce our carbon footprint, while keeping our communities safe. This is what the Berry First leadership mentality is all about.

I will now turn it over for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from the line of Leo Mariani from KeyBanc.

Leo Paul Mariani - *KeyBanc Capital Markets Inc., Research Division - Analyst*

I wanted to follow up on what you guys were talking about in terms of potential uses of free cash flow. Certainly, based on this budget, if oil stabilizes, it looks like there'll be significant free cash flow in 2020. You guys mentioned a number of initiatives, including a special dividend, bond buybacks, potentially M&A and stock buybacks. I was just hoping maybe you guys could kind of rank some of these in terms of what you think the priorities were likely to be in 2020.

Cary D. Baetz - *Berry Corporation - Executive VP, CFO & Director*

I'd say -- Leo, this is Cary. I don't know if one ranks better than the other. I think it's really about what we feel is the best return back to the shareholders at the time. And opportunistic share buybacks are always attractive to us as well. If the debt trades down -- we've seen debt at times trade way lower than it should be based upon Berry's fundamentals. So it's an easy way to delever as well. So I think everything is on the table.

On a special dividend, I think we need to have visibility, that's something that we could repeat on a consistent basis to really get value for it. But again, I think what we're highlighting is Berry, like you're pointing out, has the ability to generate a lot of cash, which gives us a lot of options. And again, from our point of view, it's what's going to be best to use those options for will be determined kind of at the time when we decide to pull a trigger.

Leo Paul Mariani - *KeyBanc Capital Markets Inc., Research Division - Analyst*

Okay. That's helpful. And I guess, just from a regulatory perspective, apart from Tuesday's legal ruling there in Kern County, wanted to just get a sense of how, generally, the regulatory environment in the state has been progressing? I think you guys have started to kind of get just more regular sandstone permits kind of starting in January. I wanted to see how that was going thus far in February? And just any updated thoughts you guys have on the current moratorium on cyclic steam permits and WST permits? And how long that could last here in 2020?

Arthur T. Smith - *Berry Corporation - Chairman, President & CEO*

Leo, this is Trem. I'll start with the answer to that. First off, as you know, in 2019, we spent a fair amount of money, and we're very focused on building, what we call, our Corporate Affairs Group. And Megan Silva runs that group and has given us the platform to build and the network and relationships in Sacramento and launched Livermore and -- the county, in particular, that keeps us as aware as any company of what's going on and how to respond. We've also done through our Berry First -- I can't say it enough, our Berry First approach in terms of building our credibility as a true partner with California. We do what we say we're going to do. So, just so you know, the foundation for the conversation that you're talking about is well established. That said, we believe that we are participate -- we know we are participating in the discussions around the moratorium, our processes are communicated and well -- are beginning to be well understood. So I fully anticipate that study to progress. I cannot project exactly when that moratorium will be lifted, but I am confident it is truly the intent of the state to lift that with the goal of being safe for the communities and also the environment. And so I'm pretty confident in that today. And as far as our sandstones go, those permits, as you pointed out, R&D coming through. So CalGEM and the state have lived up to the words that they said, and I'm truly appreciative for that. So thank goodness, Gary and his teams have a huge inventory of opportunity that allows us to adapt, and I think we've demonstrated that well over the last couple of years. Gary has a few comments to add to that.

Gary A. Grove - *Berry Petroleum Company, LLC - Executive VP & COO*

Yes, Leo. So just a couple of other things. So just to recognize that our plan for this year, we do not have any thermal diatomite wells in our plan. And we also don't have anything that requires a WST. So we don't have anything that will require any hydraulic fracturing during the year as well. So as Trem mentioned, we are looking at sandstone development for this particular calendar year. Now that being said, if and when the moratorium is lifted, that might change some plans for us and we're nimble enough to be able to make those changes as we move forward, and we're continuing to be ready for that opportunity when it arrives.

Arthur T. Smith - *Berry Corporation - Chairman, President & CEO*

And in fact, we've built a bullpen of thermal diatomite wells to be permitted when that occurs, Leo.

Leo Paul Mariani - *KeyBanc Capital Markets Inc., Research Division - Analyst*

Okay. That's good color. And I guess, maybe just lastly on Utah. It sounds like you guys have drilled a couple of wells there recently. Just wanted to get some color on kind of what you're seeing in terms of some of the new well performance there?

Gary A. Grove - *Berry Petroleum Company, LLC - Executive VP & COO*

From the performance side, I'm very pleased. This is Gary, by the way, Leo. From the performance side, I'm very pleased, and we're seeing actually better results than we've seen there historically. At the end of the day, in Utah, it's a top line event. And so we just need that area to have a little bit better pricing associated with it. It does trade predominantly against WTI. And so when we compare those opportunities across the board to the things that we have in California, they're just a slight tick under what we do out here. So as always, we're looking to generate the most value for the company, and we will spend the capital dollars where we think we can create the most value at any given time. But again, technically, very happy with what we see there.

Operator

Our next question comes from the line of Charles Meade from Johnson Rice.

Charles Arthur Meade - *Johnson Rice & Company, L.L.C., Research Division - Analyst*

Yes. If I could pick up, I just -- you guys gave us this number, but -- in your prepared comments, but I think you said you have 120 sandstone wells planned this year. Was that right?

Gary A. Grove - *Berry Petroleum Company, LLC - Executive VP & COO*

No, it's a little bit more than that. Let me pull the number back out.

Charles Arthur Meade - *Johnson Rice & Company, L.L.C., Research Division - Analyst*

Okay. But I guess -- while you're pulling that up, I guess, the question, so I understand it's the bulk of the '20 program and for obvious reasons that you guys already have.

Gary A. Grove - *Berry Petroleum Company, LLC - Executive VP & COO*

Yes. And Charles, that numbers, 195 to 225 is the range, 195 to 225. Yes.

Charles Arthur Meade - *Johnson Rice & Company, L.L.C., Research Division - Analyst*

Got it. So that's the bulk of your program. I guess, I'm curious -- I think it's on Slide 11, you gave us that update where you alluded to it on your total inventory. Yes, I think it's in the lower right of Slide 11. But what is your total inventory of those sandstone wells? And what I'm really after is what -- how many years of just sandstone might you have?

Gary A. Grove - *Berry Petroleum Company, LLC - Executive VP & COO*

So I think when you're looking at that, you're looking at right around a total count of, let's say, 6,100, 6,200 in sandstone at that point in time.

Charles Arthur Meade - *Johnson Rice & Company, L.L.C., Research Division - Analyst*

Got it. Okay. So plenty of runway there. Got it.

Gary A. Grove - *Berry Petroleum Company, LLC - Executive VP & COO*

Absolutely. Yes. You're looking at the counts there. In California, it's roughly almost a bulk of that. So it's 10,800. That's roughly split 6,100, 6,200 in the thermal sandstones; 3,000, 3,200 in thermal diatomite and the remainder then would be the nonthermal diatomite that sits at the hill.

Charles Arthur Meade - *Johnson Rice & Company, L.L.C., Research Division - Analyst*

Got it. I know you guys have broken that out in the past, but I just wanted to touch on that again. And then, if I could go back and ask a bigger picture question, Trem, you guys -- you have a really strong free cash flow picture this year. And I think that's really welcomed by the market. But the nature of your assets, I think, it doesn't -- 1 year isn't really sufficiently long time period to look at if you really want to get an idea of what maintenance CapEx is. And so could you give us an idea if on -- and you alluded to kind of a 2-year plan before, but could you give us an idea what you think a multiyear maintenance CapEx number is?

Arthur T. Smith - *Berry Corporation - Chairman, President & CEO*

I'm going to let Cary start with that.

Cary D. Baetz - *Berry Corporation - Executive VP, CFO & Director*

Yes, I'll put on my operations and finance at onetime here, Charles. So historically, say, somewhere between $10 to $12 to hold production flat. And the reason I say my operations, Chad, if we're heavier into thermal diatomite, the decline curve is a little steeper there. So that would move you closer to the $12 range. If you're doing a lot more of just thermal, I mean, just sandstones, you're probably going to the $10 to $11 range. So you call it somewhere $10 to $12 just depending on where we've developed the year before.

Arthur T. Smith - *Berry Corporation - Chairman, President & CEO*

Not just last year, this year...

Gary A. Grove - *Berry Petroleum Company, LLC - Executive VP & COO*

And so we -- Charles, this is Gary. I'll just add to that a little bit. So you're right, because of the nature of our assets, especially because we have some steam flooding that occurs, that has impact far beyond the month or quarter when we drill the well. That's a nice blended average. The numbers Cary is giving you is a blended average over a couple of 2 to 3 years that we've had to date, and we can see that same type of average moving forward.

Charles Arthur Meade - *Johnson Rice & Company, L.L.C., Research Division - Analyst*

Okay. Forgive me. I'm not understanding the $10 to $12, is that -- that's not I was what's -- I was thinking about the total CapEx number but.

Cary D. Baetz - *Berry Corporation - Executive VP, CFO & Director*

Yes, it's a $10 to $12 per barrel to hold our production flat.

Arthur T. Smith - *Berry Corporation - Chairman, President & CEO*

And Charles, this is Trem. One just further, just to make it clear. You mentioned 1 year. Yes, that's true. It's a public company. It's 1 full year. These data that we're giving you are since the inception of the company in 2017. So it's a year plus of public. So there's -- we're very confident in those numbers.

Operator

We don't have any questions over the phone. I would now like to hand the call back to Trem Smith, Berry's CEO.

Arthur T. Smith - *Berry Corporation - Chairman, President & CEO*

I want to thank everybody for participating today, and look forward to any further questions if you call us up later, and everyone, have a nice day. Thank you.

Operator

Ladies and gentlemen, this concludes today's conference. Thank you for your participation, and have a wonderful day. You may all disconnect.
