

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 June 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 June 30, 1995 was 21,033,155 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  
JUNE 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 June 30, 1995, the condensed statements of operations for the three and six month periods ended June 30, 1995 and 1994, and the condensed statements of cash flows for the six month periods ended June 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  
August 4, 1995

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

	June 30, 1995 (Unaudited)	December 31, 1994
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 9,038	\$ 7,466
Short-term investments - available for sale	22,685	27,617
Accounts receivable	7,771	9,471
Prepaid expenses and other	2,248	4,388
	41,742	48,942
Oil and gas properties (successful efforts basis), buildings and equipment, net	69,626	66,915
Other assets	2,503	2,397
	\$ 113,871	\$ 118,254
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 3,771	\$ 6,032
Accrued liabilities	3,684	4,637
	7,455	10,669
Deferred income taxes	17,084	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; 21,033,155 shares issued and outstanding at June 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	52,852	52,852
Retained earnings	36,261	35,561
	89,332	88,632
	\$ 113,871	\$ 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 June 30, 1995 and 1994  
(In Thousands Except Per Share Data)  
(Unaudited)

	1995	1994
<b>Revenues:</b>		
Sales of oil and gas	\$ 12,442	\$ 9,767
Interest and other income, net	526	325
	12,968	10,092
<b>Expenses:</b>		
Operating costs	4,935	5,649
Depreciation, depletion and amortization	1,576	2,070
Dry hole and abandonment costs	88	3,768
Impairment of properties	-	2,915
Oil spill costs	-	1,344
General and administrative	1,249	1,248

	7,848	16,994
Income (loss) before income taxes	5,120	(6,902)
Provision (benefit) for income taxes	2,244	(2,237)
Net income (loss)	<u>\$ 2,876</u>	<u>\$ (4,665)</u>
	=====	=====
Net income (loss) per share	<u>\$ .13</u>	<u>\$ (.21)</u>
	=====	=====
Weighted average number of shares of capital stock used to calculate earnings per share	<u>21,932</u>	<u>21,932</u>
	=====	=====
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  
Six Month Periods Ended June 30, 1995 and 1994  
(In Thousands Except Per Share Data)  
(Unaudited)

	1995	1994
Revenues:		
Sales of oil and gas	\$ 22,881	\$ 16,925
Interest and other income, net	1,074	732
	<u>23,955</u>	<u>17,657</u>
	=====	=====
Expenses:		
Operating costs	9,795	9,729
Depreciation, depletion and amortization	3,277	3,950
Dry hole and abandonment costs	131	5,137
Impairment of properties	-	2,915
Oil spill costs	-	1,344
General and administrative	2,365	2,685
	<u>15,568</u>	<u>25,760</u>
	=====	=====
Income (loss) before income taxes	8,387	(8,103)
Provision (benefit) for income taxes	3,301	(2,840)
Net income (loss)	<u>\$ 5,086</u>	<u>\$ (5,263)</u>
	=====	=====
Net income (loss) per share	<u>\$ .23</u>	<u>\$ (.24)</u>
	=====	=====
Weighted average number of shares of capital stock used to calculate earnings per share	<u>21,932</u>	<u>21,932</u>
	=====	=====
Cash dividends per share	<u>\$ .20</u>	<u>\$ .20</u>
	=====	=====

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, 1995 and 1994  
(In Thousands)  
(Unaudited)

	1995	1994
Cash flows from operating activities:		
Net income (loss)	\$ 5,086	\$(5,263)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depletion, depreciation and amortization	3,277	3,950
Dry hole, abandonment costs and property impairment	-	7,782
Decrease in deferred income taxes liability	(1,869)	(2,433)
Other, net	(52)	183
	6,442	4,219
Net working capital provided by operating activities		
Decrease in accounts receivable, prepaid expenses and other	3,841	4,433
Decrease in current liabilities	(3,213)	(6,230)
	7,070	2,422
Net cash provided by operating activities		
Cash flows from investing activities:		
Capital expenditures	(6,010)	(2,608)
Maturities of short-term investments	7,932	21,548
Purchase of short-term investments	(3,000)	(19,008)
Other, net	(33)	-
	(1,111)	(68)
Net cash used in investing activities		
Cash flows from financing activities:		
Dividends paid	(4,387)	(4,387)
Net increase (decrease) in cash and cash equivalents	1,572	(2,033)
Cash and cash equivalents at beginning of year	7,466	9,457
Cash and cash equivalents at end of period	\$ 9,038	\$ 7,424
	=====	=====
Supplemental disclosures of cash flow information:		
Income taxes paid	\$ 2,885	\$ -
	=====	=====

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, 1995  
(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, 1995 and December 31, 1994 and results of operations and cash flows for the six month periods ended June 30, 1995 and 1994 and results of operations for the three month periods ended June 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 period ended 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 has the right to appeal the Court's decision and is currently analyzing its options.

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 accounts payable and accrued liabilities at June 30, 1995, and the probable remaining minimum insurance reimbursement is included in accounts receivable. As of June 30, 1995, the Company had received approximately \$7.4 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 1. 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 \$5.1 million for the six months ended June 30, 1995 (\$.23 per share) compared to a net loss of \$5.3 million for the six months ended June 30, 1994 (\$.24 per share). During the three months ended June 30, 1995, the Company had net income of \$2.9 million (\$.13 per share), up 32% from net income of \$2.2 million (\$.10 per share) in the first quarter of 1995 and up significantly from a net loss of \$4.7 million (\$.21 per share) in the second quarter of 1994.

	Three Months Ended			Six Months Ended	
	Jun 30, 1995	Mar 31, 1995	Jun 30, 1994	Jun 30, 1995	Jun 30, 1994
Net Production BOE/day	9,344	8,927	9,265	9,136	9,044
Average Sales Price/BOE	\$14.63	\$13.02	\$11.47	\$13.84	\$10.19
Operating Costs/BOE	\$ 5.80	\$ 6.05	\$ 6.79	\$ 5.92	\$ 6.01
Depreciation/Depletion/BOE	\$ 1.71	\$ 1.95	\$ 2.32	\$ 1.83	\$ 2.21

Operating income from producing operations was \$6.1 million in the second quarter of 1995, up 53% and 190% from \$4 million and \$2.1 million in the three months ended March 31, 1995 and June 30, 1994, respectively.

The improvement in operating income in the second quarter of 1995 was primarily due to higher average crude oil prices and production levels. Although the posted price for the Company's 13 degree API gravity crude oil has dropped from its high this year of \$15.00 per barrel to a current level of \$13.50 as of August 8, 1995, the average price received by the Company for the

second quarter was \$14.63, up 12% and 28%, respectively, from \$13.02 in the quarter ended March 31, 1995 and \$11.47 in the quarter ended June 30, 1994.

Oil and gas production of 9,344 BOE/day in the second quarter of 1995 was up 5% from 8,927 BOE/day in the first quarter of 1995 and 1% from 9,265 BOE/day in the second quarter of 1994. In January 1995, the Company initiated an extensive development program on its Midway-Sunset properties, including the drilling of 48 wells and an increase in steaming activities. These factors have resulted in an increase of approximately 400 BPD in production for the field. Also contributing to the increase was the resumption of full production from the Company's Ventura County properties. Production and development had been curtailed in this area in the first quarter of 1995 due to flooding from heavy rains. Production gains have been partially offset by a decline in gas production on certain outside operated properties.

Operating costs per BOE in the quarter ended June 30, 1995 were \$5.80, down 4% and 15%, respectively, from \$6.05 in the quarter ended March 31, 1995 and \$6.79 for the quarter ended June 30, 1994. Operating costs per BOE declined from the first quarter of 1995 due to higher production levels. Also, second quarter 1995 operating costs declined \$.7 million from the same quarter in 1994 due to lower property taxes, lower steam costs caused by a decline in gas prices and cost savings due to cost reduction measures.

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For the three months ended June 30, 1995, the Company incurred \$.1 million in dry hole and abandonment charges compared to \$3.8 million in dry hole and abandonment and \$2.9 million in impairment charges in the second quarter of 1994.

In the second quarter of 1994, the Company also recorded a \$1.3 million charge related to the oil spill which occurred on December 25, 1993 on its PRC 735 State lease. Although certain legal and government regulatory aspects related to the spill are not resolved, the Company believes that adequate accruals have been made for costs incurred in excess of insurance coverage. (Additional information regarding this issue is contained in Part 1, Item 1, Note 4 of the Financial Statements).

To protect the Company's revenues from potential price declines, the Company entered into a bracketed zero cost collar hedge contract related to approximately 21% of its crude production with a California refiner in July 1995. 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 \$1.71 per BOE was down 12% from \$1.95 per BOE in the first quarter of 1995 and substantially lower than the \$2.32 per BOE experienced in the second quarter of 1994. The impairment writedowns in June 1994 reduced the depreciable basis of the Company's property and equipment and was the principal reason for lower DD&A in the second quarter of 1995 compared to the same period in 1994.

General and administrative expenses were \$1.2 million in the second quarter, up 9% from \$1.1 million in the first quarter of 1995 but unchanged from \$1.2 million incurred in the three months ended June 30, 1994.

The Company's effective tax rate was 39% in the 1995 six month period compared to a tax benefit of 35% in the first six months of 1994. The most significant difference between the 1995 and 1994 rates, compared to the statutory rates, was the impact of certain tax benefits as applied to the pre-tax losses incurred in 1994. In addition, the Company went to trial in April 1993 before the U.S. Tax Court on certain unresolved federal tax issues related to the 1987 through 1989 tax years. The Court's decision was rendered in May of this year and resulted in an additional charge of approximately \$.5 million in the second quarter of 1995, increasing the six month effective tax rate to 39% and the three month effective tax rate to 44%.

#### Liquidity and Capital Resources

Working capital at June 30, 1995 was \$34.3 million, down from \$38.3 million at December 31, 1994. Working capital provided by operations of \$6.4 million for the first six months of 1995 was 52% higher than the \$4.2 million provided in the first six months of 1994. The primary reasons for the increase were higher oil prices, increased production levels and cost containment measures. However, working capital declined in 1995 primarily because of the outlay of cash for capital expenditures of \$6 million, dividends of \$4.4 million and approximately \$2 million for the payment of federal taxes and accrued interest resulting from the Court's decision rendered in May.

### Future Developments

In August 1995, the Company purchased for cash the remaining 55% interest in the cogeneration facility located on its homebase properties from University Cogeneration Partners for approximately \$5 million in cash. The Company anticipates the effect of the purchase will be to lower operating costs at homebase by at least \$1.00/barrel through the life of the current electricity contract which will expire in early 1997.

Since the early 1970's, the federal government has prohibited the export of Alaska North Slope crude oil to the Pacific Rim countries, its most logical market. As of July 1995, bills to lift the ban have been passed by both houses of Congress and are presently in Conference Committee. If the final bill is signed by the President, as the Company expects, California's crude market will return to free market conditions which could have a positive effect on the price received for the Company's crude oil.

### 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 19, 1995, twelve incumbent directors were re-elected, the Company's 1994 Stock Option Plan was approved and the firm of Coopers & Lybrand L.L.P. was ratified as the Company's independent accountants for 1995. The results of voting as reported by the inspector of elections are noted below:

1. There were 21,932,061 shares of the Company's common stock issued, outstanding and entitled to vote as of the record date, March 27, 1995.
2. There were present at the meeting, in person or by proxy, the holders



of 20,007,712 shares, representing 91.23% of the total number of shares outstanding and entitled to vote at the meeting, such percentage representing a quorum.

PROPOSAL ONE: Election of Directors

	VOTES FOR		WITHHELD
Benton Bejach	19,886,792	90.67%	120,920
William F. Berry	19,888,080	90.68%	119,632
Gerry A. Biller	19,926,176	90.85%	81,536
Harvey L. Bryant	19,782,143	90.18%	225,569
Ralph B. Busch, Jr., M.D.	19,876,330	90.63%	131,382
William E. Bush, Jr.	19,880,714	90.65%	126,998
William B. Charles	19,869,481	90.60%	138,231
Richard F. Downs	19,919,643	90.82%	88,069
John A. Hagg	19,927,616	90.86%	80,096
Jerry V. Hoffman	19,893,176	90.70%	114,536
Thomas J. Jamieson	19,914,492	90.80%	93,220
Roger G. Martin	19,925,416	90.85%	82,296

PROPOSAL TWO: Approve the Company's 1994 Stock Option Plan.

VOTES FOR	16,329,482	74.45%
AGAINST	2,898,345	13.22%
ABSTAIN	779,885	3.56%
BROKER		
NON-VOTE	0	.00%

PROPOSAL THREE: Ratify the selection of Coopers & Lybrand L.L.P. as the independent accountants for the year 1995.

VOTES FOR	19,831,418	90.42%
AGAINST	17,439	.09%
ABSTAIN	158,855	.72%
BROKER		
NON-VOTE	0	.00%

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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)



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

0000778438  
 BERRY PETROLEUM COMPANY  
 1,000

6-MOS	
DEC-31-1995	JAN-01-1995
JUN-30-1995	
	9,038
22,685	
7,771	0
	0
41,742	137,455
67,829	
113,871	
7,455	0
	219
0	0
	89,113
113,871	22,881
23,955	0
13,203	
2,365	
0	
0	
8,387	
3,301	
5,086	
	0
	0
	0
	5,086
	.23
	.23

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

August 4, 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 August 4, 1995 on our review of the interim condensed financial statements of Berry Petroleum Company for the three and six-month periods ended June 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)