

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, 1997

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, 1997 was 21,081,199 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, 1997  
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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, 1997, the condensed statements of income for the three and nine month periods ended September 30, 1997 and 1996, and the condensed statements of cash flows for the nine month periods ended September 30, 1997 and 1996. 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, 1996, 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 28, 1997, 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, 1996 is fairly stated, in all material respects, in relation to the balance sheet from which it has been derived.

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

COOPERS & LYBRAND L.L.P.  
Los Angeles, California  
October 31, 1997

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

	September 30, 1997 (Unaudited)	December 31, 1996
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 7,901	\$ 9,970
Cash-restricted	-	2,570
Short-term investments - available for sale	705	704
Accounts receivable	9,139	11,701
Prepaid expenses and other	2,971	1,307
Total current assets	<u>20,716</u>	<u>26,252</u>
Oil and gas properties (successful efforts basis), buildings and equipment, net	157,146	149,510
Other assets	831	641
	<u>\$ 178,693</u>	<u>\$ 176,403</u>
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 6,758	\$ 5,154
Accrued liabilities	1,829	5,300
Federal and state income taxes payable	2,590	1,048
Notes payable	-	6,900
Total current liabilities	<u>11,177</u>	<u>18,402</u>
Long term debt	34,000	36,000
Deferred income taxes	24,388	20,992
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; 21,081,199 shares issued and outstanding at September 30, 1997 (21,046,885 at December 31, 1996)	211	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	53,135	53,029
Retained earnings	55,773	47,761
Total shareholders' equity	<u>109,128</u>	<u>101,009</u>
	<u>\$ 178,693</u>	<u>\$ 176,403</u>
	=====	=====

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, 1997 and 1996  
(In Thousands, Except Per Share Data)  
(Unaudited)

	1997	1996
Revenues:		
Sales of oil and gas	\$ 16,775	\$ 13,433
Gain on disposition of assets	768	16
Interest and other income, net	115	591
	<u>17,658</u>	<u>14,040</u>
Expenses:		
Operating costs	5,599	4,671
Depreciation, depletion and amortization	2,578	1,809
General and administrative	1,262	1,229
Interest and other	607	-
	<u>10,046</u>	<u>7,709</u>
Income before income taxes	7,612	6,331
Provision for income taxes	2,476	2,319
Net income	<u>\$ 5,136</u>	<u>\$ 4,012</u>
	=====	=====
Net income per share	\$ .23	\$ .18
	=====	=====
Weighted average number of shares of capital stock used to calculate earnings per share	<u>21,978</u>	<u>21,942</u>
	=====	=====
Cash dividends per share	\$ .10	\$ .10
	=====	=====

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, 1997 and 1996  
(In Thousands, Except Per Share Data)  
(Unaudited)

	1997	1996
Revenues:		
Sales of oil and gas	\$ 49,788	\$ 38,797
Gain (loss) on disposition of assets	1,198	(25)
Interest and other income, net	493	1,597
	<u>51,479</u>	<u>40,369</u>
Expenses:		
Operating costs	16,105	12,233
Depreciation, depletion and amortization	7,549	5,124
General and administrative	4,209	3,622
Interest and other	1,763	75
	<u>29,626</u>	<u>21,054</u>
Income before income taxes	21,853	19,315
Provision for income taxes	7,248	7,044
Net income	<u>\$ 14,605</u> =====	<u>\$ 12,271</u> =====
Net income per share	<u>\$ .66</u> =====	<u>\$ .56</u> =====
Weighted average number of shares of capital stock used to calculate earnings per share	<u>21,973</u> =====	<u>21,942</u> =====
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, 1997 and 1996  
(In Thousands)  
(Unaudited)

	1997	1996
Cash flows from operating activities:		
Net income	\$ 14,605	\$ 12,271
Depreciation, depletion and amortization	7,549	5,124
Increase in deferred income tax liability	3,396	2,517
(Gain) loss on disposition of assets	(1,198)	25
Other, net	(294)	124
	<hr/>	<hr/>
Net working capital provided by operating activities	24,058	20,061
Decrease (increase) in accounts receivable, prepaid expenses and other	898	(909)
Decrease in current liabilities	(325)	(1,619)
	<hr/>	<hr/>
Net cash provided by operating activities	24,631	17,533
Cash flows from investing activities:		
Capital expenditures	(15,772)	(7,420)
Proceeds from sale of assets	1,982	11
Maturities of short-term investments	-	11,690
Return of restricted cash	2,570	-
Other, net	(52)	-
	<hr/>	<hr/>
Net cash provided by (used in) investing activities	(11,272)	4,281
Cash flows from financing activities:		
Dividends paid	(6,592)	(6,582)
Payment of short-term notes payable	(6,900)	-
Proceeds from issuance of long-term debt	3,000	-
Payment of long-term debt	(5,000)	-
Other, net	64	148
	<hr/>	<hr/>
Net cash used in financing activities	(15,428)	(6,434)
Net increase (decrease) in cash and cash equivalents	<hr/>	<hr/>
	(2,069)	15,380
Cash and cash equivalents, beginning of year	9,970	18,759
	<hr/>	<hr/>
Cash and cash equivalents, end of period	\$ 7,901	\$ 34,139
	=====	=====
Supplemental disclosures of cash flow:		
Income taxes paid	\$ 3,510	\$ 5,059
	=====	=====
Interest paid	\$ 1,763	\$ -
	=====	=====

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  
September 30, 1997  
(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, 1997 and December 31, 1996, results of operations and cash flows for the nine month periods ended September 30, 1997 and 1996 and results of operations for the three month periods ended September 30, 1997 and 1996 have been included. All such adjustments are of a 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, 1996 financial statements. The December 31, 1996 Form 10-K and the Form 10-Q's for the periods ended June 30 and March 31, 1997 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.

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

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.

Results of Operations

The Company had net income of \$5.1 million for the three month period ended September 30, 1997, or \$.23 per share, up 28% from net income of \$4.0 million, or \$.18 per share, in the third quarter of 1996. Net income in the third quarter of 1997 also increased \$0.4 million, or 9%, from \$4.7 million in the second quarter of 1997. For the nine months ended September 30, 1997, the Company had net income of \$14.6 million, or \$.66 per share, up 19% from \$12.3 million, or \$.56 per share, for the nine months ended September 30, 1996.

	Three Months Ended			Nine Months Ended	
	Sept 30, 1997	Jun 30, 1997	Sept 30, 1996	Sept 30, 1997	Sept 30, 1996
Net production - BOE/day	12,854	12,253	9,782	12,272	9,454
Average sales price/BOE	\$14.15	\$14.26	\$14.74	\$14.82	\$14.87
Operating costs/BOE *	\$ 4.73	\$ 4.43	\$ 5.19	\$ 4.81	\$ 4.72
Depreciation/Depletion DD&A/BOE)	\$ 2.18	\$ 2.11	\$ 2.01	\$ 2.25	\$ 1.98

General & administrative expenses (G&A/BOE)	\$ 1.07	\$ 1.21	\$ 1.37	\$ 1.26	\$ 1.40
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\* Includes production taxes. On a per barrel of oil equivalent (BOE) basis, production taxes were \$.69 in the third quarter of 1997 and \$.65 for the nine months ended September 30, 1997 compared to \$.46/BOE and \$.47/BOE for the third quarter and first nine months of 1996, respectively.

Operating income from producing operations was up 21% to \$8.6 million in the third quarter of 1997 from \$7.1 million in the same period of 1996 and for the nine months ended September 30, 1997, it was up 22% to \$26.1 million from \$21.4 million for the first nine months of 1996.

Although oil prices were weaker during the third quarter and the first nine months of 1997, operating income improved from the same three and nine month periods in 1996 due to higher oil production volumes. Production for the third quarter of 1997 of 12,854 BOE/day was 31% higher than the third quarter of 1996 (and 5% higher than the second quarter of 1997), and production for the nine months ended September 30, 1997 of 12,272 BOE/day was 30% higher than the first nine months of 1996. The increases were due to production from properties acquired in the fourth quarter of 1996, development drilling and intensified steaming operations on the Formax properties and further development of Berry's other Midway-Sunset properties. Production from the Formax properties, acquired in the fourth quarter of 1996, has continued to increase significantly and, as of this filing, is approximately 2,400 BOE/day. Crude oil postings rebounded in the third quarter. The average posting for the Company's 13 degree API gravity crude oil began the quarter at \$13.38, but had increased to \$15.75 by the end of the quarter. The average sales price per BOE was \$14.15 in the third quarter of 1997, down approximately 1% and 4%, respectively, from the second quarter of 1997 and the third quarter of 1996.

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As of September 30, 1997, 79 development wells have been completed on the Midway-Sunset properties, with 8 wells not yet on production. Approximately 11 development wells remain to be drilled in the fourth quarter which will conclude the most active development year in the Company's history. With the drilling of the remainder of the wells in this year's budget, the Company expects to increase production on the Company's producing properties to at least 13,500 BOE/day by year-end. Additionally, the Company planned to perform remedial work on 93 shut-in or low producing wells during 1997. As of September 30, 1997, 51 remedial operations have been performed with varying results. The Company has postponed further remedial operations until the analysis of these results has been completed. However, based upon the results of the development and remedial operations of 1997, it is anticipated that 1998 will be another year of active development on the Company's core holdings.

Operating costs in the third quarter were \$4.73/BOE, down 9% from \$5.19 in the third quarter of 1996, but 7% higher than \$4.43 for the second quarter of 1997. Operating costs decreased from the third quarter of 1996 due primarily to higher costs experienced in the third quarter of 1996 related to work performed on four wells in the Montalvo field. Operating costs/BOE for the 1997 nine-month period were \$4.81, up slightly from \$4.72 incurred in the first nine months of 1996. Higher steam costs and higher production taxes in 1997 are hindering the Company's ability to further reduce operating costs. Steam costs have risen primarily for two reasons. First, as part of the 1997 development program, the Company increased its steam injection volume 47% in the first nine months of 1997 compared to the first nine months of 1996. Second, the cost of natural gas, which is used as fuel for steam generation, has risen 56% in 1997 compared to 1996. Although the Company has experienced significantly higher production volumes as a result of this increased activity, further benefit is expected as certain "cold" areas of the reservoir respond to the increased heat injection. Production taxes/BOE have increased \$.18, or 38%, in the first nine months of 1997 compared to the 1996 period due primarily to the 1996 acquisitions and above-market pricing assumptions used by Kern County to calculate 1997/1998 property taxes.

DD&A/BOE for the third quarter and first nine months of 1997 was \$2.18 and \$2.25, respectively. This continues the recent trend of slightly higher DD&A due to the acquisition of the Formax and Tannehill properties acquired in the fourth quarter of 1996.



G&A/BOE continued the recent trend by declining to \$1.07 in the third quarter and \$1.26 for the first nine months of 1997 from \$1.37 in the third quarter of 1996 and \$1.40 in the first nine months of 1996. This very positive result was due to higher production volumes and continued cost controls by the Company which brings G&A/BOE costs in line with Management's expectations.

The Company concluded the sale of its non-core Poso Creek (CA), Kern Front (CA) and Frog Lake (LA) properties in the third quarter of 1997 for a small after-tax gain. The properties had high operating costs and low reserve growth potential and did not fit strategically into the long-term growth plans of the Company.

#### Liquidity and Capital Resources

Working capital at September 30, 1997, was \$9.5 million, down from \$42.7 million at September 30, 1996 and \$10.7 million at June 30, 1997. Net cash provided by operations was \$24.6 million for the first nine months of 1997, up \$7.1 million, or 41%, from \$17.5 million in the same period in 1996. This increase is the result of higher production and effective cost control in both the operating and general and administrative expense areas.

Cash has been used in 1997 to retire \$6.9 million in notes payable, \$2 million in long-term debt, fund capital expenditures of \$15.8 million and pay dividends of \$6.6 million. Proceeds from the sale of assets, net of income taxes, have generated \$1.5 million in cash flow for all of 1997. The Company is reviewing and prioritizing its development opportunities for 1998. It is anticipated that the 1998 capital expenditure program will be less than the \$16.4 million budget for 1997 and will be entirely funded by internally generated funds.

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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  
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: November 3, 1997

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 31, 1997

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 31, 1997 on our review of the interim condensed financial statements of Berry Petroleum Company for the three and nine-month periods ended September 30, 1997, 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)



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