

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 March 31, 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 March 31, 1997, was 21,073,434 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
MARCH 31, 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 March 31, 1997, and the condensed statements of income and of cash flows for the three month periods ended March 31, 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.

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

COOPERS & LYBRAND L.L.P.
Los Angeles, California
May 2, 1997

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

	March 31, 1997 (Unaudited)	December 31, 1996
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 12,972	\$ 9,970
Cash-restricted	-	2,570
Short-term investments available for sale	704	704
Accounts receivable	8,842	11,701
Prepaid expenses and other	1,530	1,307
Total current assets	24,048	26,252
Oil and gas properties (successful efforts basis), buildings and equipment, net	150,491	149,510
Other assets	699	641
	\$ 175,238	\$ 176,403
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 4,533	\$ 5,154
Accrued liabilities	3,474	5,300
Federal and state income taxes payable	2,632	1,048
Notes payable	-	6,900
Total current liabilities	10,639	18,402
Long-term debt	39,000	36,000
Deferred income taxes	21,865	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; 21,073,434 shares issued and outstanding at March 31, 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	50,379	47,761
Total shareholders' equity	103,734	101,009
	\$ 175,238	\$ 176,403

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

BERRY PETROLEUM COMPANY
Part I. Financial Information
Item 1. Financial Statements
Condensed Income Statements
Three Month Periods Ended March 31, 1997 and 1996
(In Thousands, Except Per Share Data)
(Unaudited)

	1997	1996
Revenues:		
Sales of oil and gas	\$ 17,025	\$ 12,145
Interest and other income, net	556	458
	<u>17,581</u>	<u>12,603</u>
Expenses:		
Operating costs	5,568	3,814
Depreciation, depletion and amortization	2,618	1,627
General and administrative	1,601	1,099
Interest	575	-
	<u>10,362</u>	<u>6,540</u>
Income before income taxes	7,219	6,063
Provision for income taxes	2,403	2,202
Net income	<u>\$ 4,816</u>	<u>\$ 3,861</u>
Net income per share	<u>\$.22</u>	<u>\$.18</u>
Weighted average number of shares of capital stock used to calculate earnings per share	<u>21,968</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.

BERRY PETROLEUM COMPANY
Part I. Financial Information
Item 1. Financial Statements
Condensed Statements of Cash Flows
Three Month Periods Ended March 31, 1997 and 1996
(In Thousands)
(Unaudited)

	1997	1996
Cash flows from operating activities:		
Net income	\$ 4,816	\$ 3,861
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion and amortization	2,618	1,627
Other, net	364	600
Net working capital provided by operating activities	<u>7,798</u>	<u>6,088</u>
Decrease (increase) in accounts receivable, prepaid expenses and other	2,636	(492)
Increase (decrease) in current liabilities	(863)	1,362
Net cash provided by operating activities	<u>9,571</u>	<u>6,958</u>

Cash flows from investing activities:		
Capital expenditures	(3,557)	(2,326)
Return of restricted cash	2,570	-
Proceeds from sale of assets	501	-
Maturities of short-term investments	-	998
Other	(50)	-
Net cash used in investing activities	(536)	(1,328)
Cash flows from financing activities:		
Dividends paid	(2,197)	(2,193)
Payment of short-term note payable	(6,900)	-
Proceeds from issuance of long-term debt	3,000	-
Other	64	-
Net cash used in financing activities	(6,033)	(2,193)
Net increase in cash and cash equivalents	3,002	3,437
Cash and cash equivalents at beginning of year	9,970	18,759
Cash and cash equivalents at end of period	\$ 12,972	\$ 22,196
Supplemental disclosures of cash flow information:		
Income taxes paid	\$ -	\$ 1,100
Interest paid	\$ 611	\$ -

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

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BERRY PETROLEUM COMPANY
Part I. Financial Information
Item 1. Financial Statements
Notes to Condensed Financial Statements
March 31, 1997
(Unaudited)

1. All adjustments which are, in the opinion of management, necessary for a fair presentation of the Company's financial position at March 31, 1997 and December 31, 1996 and results of operations and cash flows for the three month periods ended March 31, 1997 and 1996 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, 1996 financial statements. The December 31, 1996 Form 10-K 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. On December 25, 1993, the Company experienced a crude oil spill on its Montalvo field in Ventura County, California. The clean-up of the spill was substantially completed in January 1994. The Company reached a final settlement for civil damages and penalties with the federal and state governments with a consent decree being approved and entered in February 1997. The Company, without admitting any liability, subsequently paid approximately \$.9 million, net of insurance reimbursement, in settlement. The costs incurred and estimated to be incurred in connection with the spill not yet paid by the Company are included in accrued liabilities at March 31, 1997, and the probable remaining minimum insurance reimbursement is included in accounts receivable. As of March 31, 1997, the Company had received approximately \$11.2 million under its insurance coverage as reimbursement for costs incurred and paid by the Company. Management believes that it is probable that this matter, including final

reimbursement, will be resolved in 1997 and that its previous accruals are adequate.

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

Results of Operations

The Company earned net income of \$4.8 million, or \$.22 per share, on revenues of \$17.6 million during the first three months of 1997, up 23% from \$3.9 million, or \$.18 per share, earned in the first quarter of 1996 on revenues of \$12.6 million, but down 9% from \$5.3 million, or \$.24 per share on revenues of \$16.7 million earned during the fourth quarter of 1996.

Three Months Ended

	Mar 31, 1997	Mar 31, 1996	Dec 31, 1996
Net Production - BOE per day	11,697	9,101	10,678
Average Sales Price per BOE	\$16.16	\$14.42	\$16.64
Operating Costs per BOE *	\$ 5.29	\$ 4.61	\$ 5.45
Depreciation/Depletion (DD&A) per BOE	\$ 2.49	\$ 1.97	\$ 2.13
General and Administrative Expenses per BOE	\$ 1.52	\$ 1.33	\$ 1.22

* Included production taxes of \$.68, \$.43 and \$.51 in the first quarter of 1997 and the first and fourth quarters of 1996, respectively.

Operating income was \$8.8 million in the first quarter of 1997, up 31% from \$6.7 million in the first quarter of 1996, and comparable to operating income in the fourth quarter of 1996.

The increase in operating income from the first quarter of 1996 was due primarily to higher production and improved oil prices. The 29% increase in production to 11,697 BOE/day in the first quarter of 1997 compared to the same quarter in 1996 was due primarily to the acquisition of the Formax and Tannehill properties in the fourth quarter of 1996 and the further development of the Company's Midway-Sunset properties. Production in the first quarter of 1997 was 10% higher than the fourth quarter of 1996 for the same reasons, however, higher operating income from increased production in the first quarter compared to the fourth quarter of 1996 was offset by decreases related to lower oil prices and higher DD&A. The posted price per barrel for the Company's 13 degree API gravity crude oil began 1997 at \$18.75, reached a high of \$19.50 on January 6th and ended the quarter at \$15.50. This price swing was largely responsible for the \$.48, or 3%, decline in the average sales price per BOE to \$16.16 in the first quarter of 1997 from \$16.64 in the fourth quarter of 1996.

Daily oil and gas production increased to 11,697 BOE in the 1997 period, up 2,596 BOE and 1,019 BOE, respectively, from 9,101 BOE and 10,678 BOE in the first and fourth quarters of 1996. The increases were due primarily to production from acquired properties and the benefits of the Company's recent drilling programs.

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As part of the Company's 1997 capital budget, the Company plans to drill and complete 92 development wells and perform 93 workovers on its Midway-Sunset properties with a special emphasis on the further development of the Formax and Tannehill properties. As of March 31, 1997, a total of 17 development wells and 14 workovers were completed. The remainder of the drilling and workover program is scheduled for the second and third quarters of 1997. The Company is seeing the effects of the development completed thus far, with current production at approximately 12,300 BOE/day, and, assuming stable oil prices, anticipates that the remainder of the program will increase production to approximately 14,000 BOE/day by the end of this year.

DD&A expense per BOE increased 26% and 17% to \$2.49 in the first quarter of 1997 from \$1.97 and \$2.13 in the first and fourth quarters of 1996, respectively, due primarily to higher depreciation per barrel on the properties acquired in the fourth quarter of 1996, the acquisition of the 18 megawatt cogeneration plant and higher depreciation on the 38 megawatt facility.

General and administrative costs also increased in the first quarter of 1997 to \$1.6 million from \$1.1 million and \$1.2 million in the first and fourth quarters of 1996, respectively. The increases were primarily due to the exercise of stock options by Management in January. The Company expects general and administrative expenses, expressed on a cost per BOE basis, to decline in the remaining quarters of 1997 due to the non-recurring nature of certain first quarter expenses combined with higher production levels.

Operating costs per BOE were \$5.29 in the first quarter of 1997, \$.68 higher than \$4.61 in the first quarter of 1996, but \$.16 lower than \$5.45 in the fourth quarter of 1996. Both the fourth quarter of 1996 and the first quarter of 1997 were impacted by a period of very high natural gas fuel prices and by the cost of integrating acquired properties into the Company's producing and steaming operations. The cost of natural gas to the Company (including transportation) exceeded \$4.00 per MMBTU in both December 1996 and January 1997 resulting in much higher steam costs related to the steam produced by the Company's lease generators and reducing the benefits derived by the Company through ownership of the two cogeneration plants located on its Midway-Sunset properties.

The Company's effective tax rate in the three-month period ended March 31, 1997 was 33%, down from 36% in the same 1996 period. The lower rate is due to higher tax credits resulting from higher expenditures on qualifying enhanced oil recovery projects.

Liquidity and Capital Resources

Working capital at March 31, 1997 was \$13.4 million, up \$5.6 million from \$7.8 million at December 31, 1996, but down \$24.7 million from \$38.1 million at March 31, 1996 due to the property acquisitions in the fourth quarter of 1996 and the subsequent retirement in January 1997 of \$6.9 million in short-term debt issued in the acquisitions. Net cash provided by operations was \$9.6 million in the first quarter, up \$2.6 million from \$7.0 million for the three months ended March 31, 1996, but down \$1.9 million from \$11.5 million for the three months ended December 31, 1996. Cash was used for capital expenditures of \$3.6 million, including the drilling of 17 wells and a major turnaround at the 38 megawatt cogeneration plant, to pay dividends of \$2.2 million and to retire \$3.9 million of the Company's debt.

Future Developments

In April 1997, the Company entered into new Operations and Maintenance Contracts with Solar Turbines Incorporated, a subsidiary of Caterpillar, Inc., to operate the two cogeneration plants owned by the Company in the Midway-Sunset field. It is estimated that these new contracts will result in a \$750,000 annual reduction in the Company's operating costs and reduce the Company's operational risks, as well.

In February 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 128, "Earnings per Share", which will be effective for reporting periods ending after December 15,

1997. Under this standard, basic and diluted earnings per share computations will be presented. Management does not believe that adoption of this standard will have a material effect on the financial statements of the Company.

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BERRY PETROLEUM COMPANY
Part II. Other Information

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
Sr. Vice President and
Chief Financial Officer
(Principal Financial Officer)

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

Date: May 5, 1997

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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

May 2, 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 May 2, 1997 on our review of the interim condensed financial statements of Berry Petroleum Company for the three-month period ended March 31, 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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