

BERRY PETROLEUM CO  
Form 10-Q  
May 02, 2007

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549**

**FORM 10-Q**

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the quarterly period ended **March 31, 2007**  
 Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the transition period from \_\_\_ to \_\_\_  
Commission file number **1-9735**

**BERRY PETROLEUM COMPANY**  
(Exact name of registrant as specified in its charter)  
**DELAWARE** **77-0079387**  
(State of incorporation or (I.R.S. Employer Identification  
organization) Number)  
**5201 Truxtun Avenue, Suite 300**  
**Bakersfield, California 93309**  
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: **(661) 616-3900**

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 for 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  NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):  
Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES  NO

As of April 18, 2007, the registrant had 42,196,896 shares of Class A Common Stock (\$.01 par value) outstanding. The registrant also had 1,797,784 shares of Class B Stock (\$.01 par value) outstanding on April 18, 2007 all of which is held by an affiliate of the registrant.

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**FIRST QUARTER 2007 FORM 10-Q**  
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**BERRY PETROLEUM COMPANY**  
**Unaudited Condensed Balance Sheets**  
(In Thousands, Except Share Information)

|   | March 31,<br>2007 | December<br>31, 2006 |
|---|-------------------|----------------------|
| <b>ASSETS</b>   |                   |                      |
| Current assets:   |                   |                      |
| Cash and cash equivalents   | \$ 95             | \$ 416               |
| Short-term investments  | 665               | 665                  |
| Accounts receivable   | 77,893            | 67,905               |
| Deferred income taxes   | 5,415             | -                    |
| Fair value of derivatives   | 7,936             | 7,349                |
| Assets held for sale  | 8,870             | 8,870                |
| Prepaid expenses and other  | 15,813            | 13,604               |
| Total current assets  | 116,687           | 98,809               |
| Oil and gas properties (successful efforts basis), buildings and equipment, net                                       | 1,142,892         | 1,080,631            |
| Fair value of derivatives   | 700               | 2,356                |
| Other assets  | 16,618            | 17,201               |
|   | \$ 1,276,897      | \$ 1,198,997         |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>   |                   |                      |
| Current liabilities:  |                   |                      |
| Accounts payable  | \$ 63,884         | \$ 69,914            |
| Property acquisition payable  | 54,400            | 54,400               |
| Revenue and royalties payable   | 13,801            | 45,845               |
| Accrued liabilities   | 24,848            | 20,415               |
| Line of credit  | 7,000             | 16,000               |
| Other current liabilities   | 1,691             | -                    |
| Deferred income taxes   | -                 | 745                  |
| Fair value of derivatives   | 22,942            | 8,084                |
| Total current liabilities   | 188,566           | 215,403              |
| Long-term liabilities:  |                   |                      |
| Deferred income taxes   | 102,758           | 103,515              |
| Long-term debt  | 470,000           | 390,000              |
| Abandonment obligation  | 30,958            | 26,135               |
| Unearned revenue  | 1,133             | 1,437                |
| Other long-term liabilities   | 9,290             | -                    |
| Fair value of derivatives   | 39,936            | 34,807               |
|   | 654,075           | 555,894              |
| Shareholders' equity:   |                   |                      |
| Preferred stock, \$.01 par value, 2,000,000 shares authorized; no shares outstanding                                  | -                 | -                    |
| Capital stock, \$.01 par value:   |                   |                      |
| Class A Common Stock, 100,000,000 shares authorized; 42,191,896 shares issued and outstanding (42,098,551 in 2006)    | 422               | 421                  |
| Class B Stock, 3,000,000 shares authorized; 1,797,784 shares issued and outstanding (liquidation preference of \$899) | 18                | 18                   |
| Capital in excess of par value  | 53,594            | 50,166               |
| Accumulated other comprehensive loss  | (32,347)          | (19,977)             |
| Retained earnings   | 412,569           | 397,072              |

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|                            |              |              |
|----------------------------|--------------|--------------|
| Total shareholders' equity | 434,256      | 427,700      |
|                            | \$ 1,276,897 | \$ 1,198,997 |

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

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**BERRY PETROLEUM COMPANY**  
**Unaudited Condensed Statements of Income**  
**Three Month Periods Ended March 31, 2007 and 2006**  
**(In Thousands, Except Per Share Data)**

|                                | Three months ended March 31, |            |
|--------------------------------|------------------------------|------------|
|                                | 2007                         | 2006 (1)   |
| <b>REVENUES</b>                |                              |            |
| Sales of oil and gas           | \$ 101,773                   | \$ 101,932 |
| Sales of electricity           | 14,596                       | 15,169     |
| Interest and other income, net | 1,110                        | 493        |
|                                | 117,479                      | 117,594    |
| <b>EXPENSES</b>                |                              |            |