

BERRY PETROLEUM CO  
Form 10-Q  
May 03, 2005

---

---

**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

For the quarterly period ended March 31, 2005  
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.)

5201 Truxtun Avenue, Suite 300, Bakersfield, California  
(Address of principal executive offices)

93309-0640  
(Zip Code)

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

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 ( )

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

YES (X) NO ( )

The number of shares of each of the registrant's classes of capital stock outstanding as of March 31, 2005, was 21,164,726 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, 2005**  
**INDEX**

	Page No
<b>PART I. <u>Financial Information</u></b>	
<b>Item 1. <u>Financial Statements</u></b>	
<u>Condensed Balance Sheets at March 31, 2005 and December 31, 2004</u>	3
<u>Condensed Income Statements for the Three Month Periods Ended March 31, 2005 and 2004</u>	4
<u>Condensed Statements of Comprehensive Income for the Three Month Periods Ended March 31, 2005 and 2004</u>	4
<u>Condensed Statements of Cash Flows for the Three Month Periods Ended March 31, 2005 and 2004</u>	5
<u>Notes to Condensed Financial Statements</u>	6
<b>Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u></b>	9
<b>Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u></b>	16
<b>Item 4. <u>Controls and Procedures</u></b>	17
<b>PART II. <u>Other Information</u></b>	
<b>Item 1. <u>Legal Proceedings</u></b>	18
<b>Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u></b>	18
<b>Item 3. <u>Defaults Upon Senior Securities</u></b>	18
<b>Item 4. <u>Submission of Matters to a Vote of Security Holders</u></b>	18
<b>Item 5. <u>Other Information</u></b>	18
<b>Item 6. <u>Exhibits</u></b>	18
<b><u>SIGNATURE</u></b>	18

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

	March 31, 2005 (Unaudited)	December 31, 2004
<b><u>ASSETS</u></b>		
Current Assets:		
Cash and cash equivalents	\$ 18,150	\$ 16,690
Short-term investments available for sale	659	659
Accounts receivable	45,127	34,621
Deferred income taxes	13,999	3,558
Fair value of derivatives	4,281	3,243
Prepaid expenses and other	2,265	2,230
Total current assets	84,481	61,001
Oil and gas properties (successful efforts basis), buildings and equipment, net	462,407	338,706
Deposit on potential property acquisitions	3,322	10,221
Other assets	2,587	2,176
	\$ 552,797	\$ 412,104
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>		
Current liabilities:		
Accounts payable	\$ 30,992	\$ 27,750
Revenue and royalties payable	10,374	23,945
Accrued liabilities	7,680	6,132
Income taxes payable	2,124	1,067
Fair value of derivatives	34,458	5,947
Total current liabilities	85,628	64,841
Long-term liabilities:		
Deferred income taxes	51,783	47,963
Long-term debt	138,000	28,000
Abandonment obligations	9,369	8,214
Fair value of derivatives	2,770	-
	201,922	84,177
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; 21,164,726 shares issued and outstanding (21,060,420 in 2004)	212	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	61,051	60,676
Accumulated other comprehensive loss	(19,066)	(987)
Retained earnings	223,041	203,178

Total shareholders' equity	265,247	263,086
	\$ 552,797	\$ 412,104

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

**BERRY PETROLEUM COMPANY**  
**Part I. Financial Information**  
**Part 1. Financial Statements**  
**Condensed Income Statements**  
**Three Month Periods Ended March 31, 2005 and 2004**  
**(In Thousands, Except Per Share Information)**  
(Unaudited)

	2005	2004
Revenues:		
Sales of oil and gas	\$ 75,391	\$ 45,205
Sales of electricity	12,456	11,934
Interest and other income, net	148	203
	87,995	57,342
Expenses:		
Operating costs - oil and gas production	23,407	16,782
Operating costs - electricity generation	13,358	12,403
Exploration costs	561	-
Depreciation, depletion and amortization - oil and gas production	8,527	6,354
Depreciation, depletion and amortization - electricity generation	772	855
General and administrative	4,820	7,344
Dry hole, abandonment and impairment	2,021	-
Interest	1,162	531
	54,628	44,269
Income before income taxes	33,367	13,073
Provision for income taxes	10,862	2,709
Net income	\$ 22,505	\$ 10,364
Basic net income per share	\$ 1.02	\$ .48
Diluted net income per share	\$ 1.00	\$ .47
Cash dividends per share	\$ .12	\$ .11
Weighted average number of shares of capital stock outstanding used to calculate basic net income per share	21,981	21,817
Effect of dilutive securities:		
Stock options		