

Rating: Buy
 S&P 500: 1235

Berry Petroleum Company

Raise Net Present Value to \$65 a Share

<i>Symbol</i>	BRY	<i>Ebitda Next Twelve Months ending 6/30/06 (US\$m)</i>	281
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	13
<i>Price (\$/sh)</i>	58.66	<i>Natural Gas and Oil Production/Ebitda (%)</i>	100
<i>Pricing Date</i>	8/1/05	<i>Adjusted Reserves/Production NTM</i>	11.2
<i>Shares (mm)</i>	22	<i>EV/Ebitda</i>	5.3
<i>Market Capitalization (\$mm)</i>	1,320	<i>PV/Ebitda</i>	5.8
<i>Debt (\$mm)</i>	160	<i>Undeveloped Reserves (%)</i>	30
<i>Enterprise Value (EV) (\$mm)</i>	1,480	<i>Natural Gas and Oil Ebitda (\$/boe)</i>	34.20
<i>Present Value (PV) (\$mm)</i>	1,620	<i>Present Value Proven Reserves(\$/boe)</i>	13.00
<i>Net Present Value (\$/share)</i>	65	<i>Present Value Proven Reserves(\$/mcf)</i>	2.20
<i>Debt/Present Value</i>	0.10	<i>Earnings Next Twelve Months (US\$/sh)</i>	4.33
<i>McDep Ratio - EV/PV</i>	0.91	<i>Price/Earnings Next Twelve Months</i>	14
<i>Dividend Yield (%/year)</i>	0.8	<i>Indicated Annual Dividend (US\$/sh)</i>	0.48

Note: Estimated cash flow and earnings tied to one-year futures prices for natural gas and oil.

Reported results may vary widely from estimates. Estimated present value per share revised only infrequently.

Summary and Recommendation

We raise our estimated net present value of buy-recommended **Berry Petroleum (BRY)** to \$65 a share from \$50 on the basis of an expected long-term real price for oil of \$50 a barrel up from \$40 for Light Sweet Crude. We also raise our long-term real price for natural gas to \$10 a million BTU, up from \$8 for the Henry Hub location. The stock has 11% appreciation potential to net present value. The main risk in independent producer stocks is commodity price, the flip side of the opportunity. Small cap stocks can be more volatile in price.

Kurt H. Wulff, CFA

Berry Petroleum Company

Functional Cash Flow and Present Value

	<i>NTM Ebitda</i>	<i>Adjusted</i>	<i>PV/</i>	<i>Present</i>	
	<i>(US\$m)</i>	<i>R/P</i>	<i>Ebitda</i>	<i>Value</i>	
				<i>(US\$m)</i>	
North American Natural Gas	40	11.4	7.5	300	19%
Oil	241	11.2	5.5	1,320	81%
	281	7.5	5.8	1,620	100%
Debt (US\$m)				160	
Net Present Value (US\$m)				1,460	
Shares (mm)				22	
Net Present Value (US\$/sh)				65	

Please see disclosures on the final page.

Oil and Gas Producers
Rank by McDep Ratio: Market Cap and Debt to Present Value

	<i>Symbol/ Rating</i>		<i>Price (\$/sh) 1-Aug 2005</i>	<i>Shares (mm)</i>	<i>Market Cap (\$mm)</i>	<i>Net Present Value (\$/sh)</i>	<i>Debt/ Present Value</i>	<i>McDep Ratio</i>
Independent Natural Gas and Oil - Small Cap								
Berry Petroleum Company	BRY	B	58.66	22	1,320	65.00	0.10	0.91
Energy Partners Ltd.	EPL	B	26.80	40	1,080	38.00	0.16	0.75
Cimarex Energy Company	XEC	B	42.86	81	3,470	64.00	0.13	0.71
Encore Acquisition Company	EAC	B	32.16	49	1,590	50.00	0.17	0.70
	<i>Total or Median</i>				<i>7,500</i>		<i>0.15</i>	<i>0.73</i>

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