



Rating: Buy
 S&P 500: 1340
 Intraday

Berry Petroleum Company Postpones Master Limited Partnership

<i>Symbol</i>	BRY	<i>Ebitda Next Twelve Months ending 12/31/08 (US\$m)</i>	404
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	20
<i>Price (\$/sh)</i>	38.43	<i>Natural Gas and Oil Production/Ebitda (%)</i>	100
<i>Pricing Date</i>	2/15/08	<i>Adjusted Reserves/Production NTM</i>	10.3
<i>Shares (mm)</i>	45	<i>EV/Ebitda</i>	6.0
<i>Market Capitalization (\$mm)</i>	1,740	<i>PV/Ebitda</i>	7.3
<i>Debt (\$mm)</i>	700	<i>Undeveloped Reserves (%)</i>	40
<i>Enterprise Value (EV) (\$mm)</i>	2,440	<i>Natural Gas and Oil Ebitda (\$/boe)</i>	39.40
<i>Present Value (PV) (\$mm)</i>	2,960	<i>Present Value Proven Reserves(\$/boe)</i>	17.40
<i>Net Present Value (\$/share)</i>	50	<i>Present Value Proven Reserves(\$/mcfe)</i>	2.90
<i>Debt/Present Value</i>	0.24	<i>Earnings Next Twelve Months (US\$/sh)</i>	3.17
<i>McDep Ratio - EV/PV</i>	0.82	<i>Price/Earnings Next Twelve Months</i>	12
<i>Dividend Yield (%/year)</i>	0.8	<i>Indicated Annual Dividend (US\$/sh)</i>	0.30
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.			
Estimated present value presumes a long-term price for oil of US\$80 a barrel and natural gas, \$11 a million btu.			
For historical research on Berry since 2004 see http://www.mcdep.com/4bry.htm			

Summary and Recommendation

Buy-recommended **Berry Petroleum (BRY)** offers unlevered appreciation potential of 21% to estimated net present value (NPV) of \$50 a share, concentrated 74% on oil, and 26% on natural gas. Fourth quarter results released on February 14 demonstrated real growth in 2007 with a 13% gain in proven reserves and 6% in annual production. Earlier on December 18, we increased NPV from \$44 a share when we increased long-term oil price for calculating present value to \$80 from \$66 a barrel. Projected volumes along with current futures prices promise a continuing high level of unlevered cash flow (Ebitda) (see table Next Twelve Months Operating and Financial Estimates). NPV is supported by projected cash flow capitalized at unlevered multiples (PV/Ebitda) related to reserve life (Adjusted R/P) (see table Functional Cash Flow and Present Value). Plans to offer a master limited partnership announced when the stock market was higher last quarter have been postponed. Meanwhile the prospects for Berry stock to regain positive price momentum are helped by the oil price trend that continues to point up as defined by current quote above the 40-week average (see chart Six-Year Commodity Price Meter).

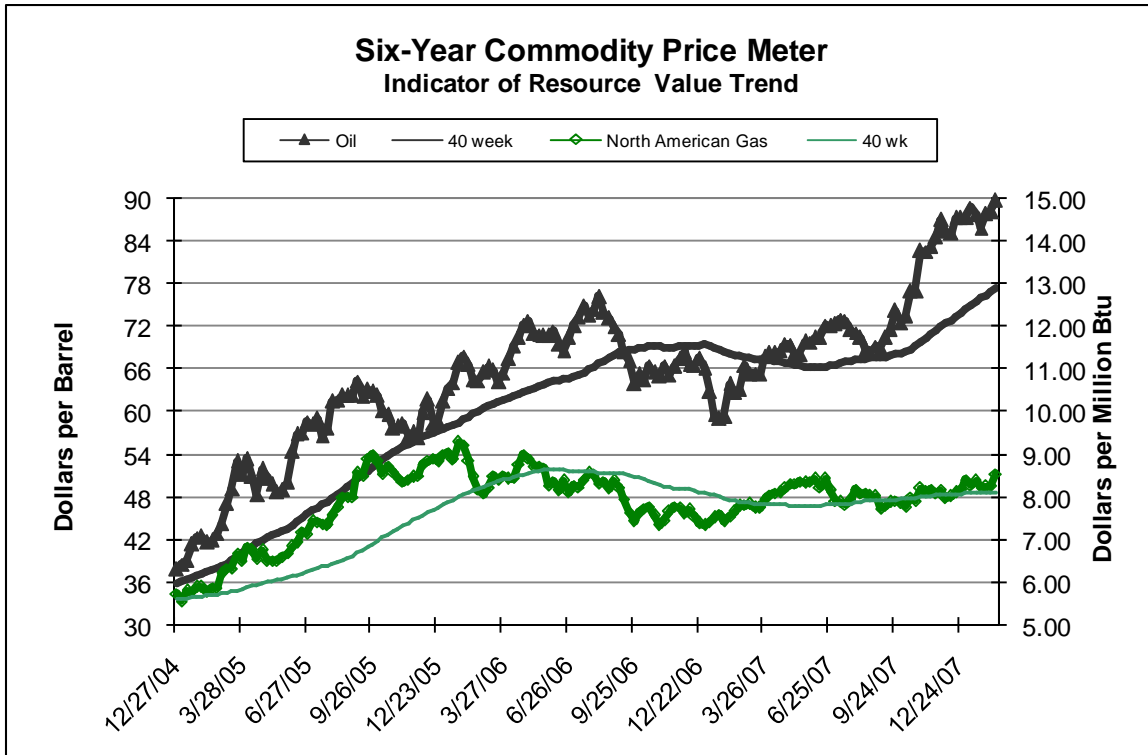
Kurt H. Wulff, CFA



Berry Petroleum Company									
Next Twelve Months Operating and Financial Estimates									
									<i>Next</i>
	<i>Q4</i>	<i>Q3</i>	<i>Q4</i>	<i>Year</i>	<i>Q1E</i>	<i>Q2E</i>	<i>Q3E</i>	<i>Q4E</i>	<i>Twelve</i>
	<i>12/31/06</i>	<i>9/30/07</i>	<i>12/31/07</i>	<i>2007</i>	<i>3/31/08</i>	<i>6/30/08</i>	<i>9/30/08</i>	<i>12/31/08</i>	<i>Months</i>
	<i>12/31/06</i>	<i>9/30/07</i>	<i>12/31/07</i>	<i>2007</i>	<i>3/31/08</i>	<i>6/30/08</i>	<i>9/30/08</i>	<i>12/31/08</i>	<i>12/31/08</i>
Volume									
Natural Gas (mmcf)	40.0	44.4	48.2	42.9	48.2	48.2	48.2	48.2	48.2
Days	92	92	92	365	91	91	92	92	366
Oil (mbd)	20.43	19.48	20.00	19.75	20.00	20.00	20.00	20.00	20.00
Total (mb)	2,493	2,472	2,578	9,819	2,550	2,550	2,578	2,579	10,258
Total (mbd)	27.1	26.9	28.0	26.9	28.0	28.0	28.0	28.0	28.0
Price									
Henry Hub (\$/mmbtu)	6.57	6.16	6.97	6.87	7.88	8.62	8.81	9.20	8.63
Differential (\$/mmbtu)	1.72	2.67	1.81	2.07	1.02	1.12	1.14	1.20	1.12
Company (\$/mcf)	4.85	3.49	5.16	4.81	6.86	7.50	7.66	8.00	7.51
WTI Cushing (\$/bbl)	59.99	75.48	90.67	72.28	93.39	93.39	92.61	91.93	92.83
Differential	14.39	15.39	18.48	14.75	19.04	19.04	18.88	18.74	18.93
Company	45.60	60.09	72.19	57.53	74.35	74.35	73.73	73.19	73.90
Total (\$/bbl)	41.54	49.32	60.38	49.91	64.84	65.95	65.78	65.98	65.64
Revenue (\$mm)									
Natural Gas	18	14	23	75	30	33	34	35	132
Oil	86	108	133	415	135	135	136	135	541
Other, incl hedge	(2)	(3)	(22)	(22)					
Total	102	119	134	468	165	168	170	170	673
Expense									
Lease operating	37	38	43	158	56	57	58	58	229
General and administrative	11	9	11	40	10	10	10	10	40
Total	48	48	54	198	66	67	68	68	269
Ebitda									
	54	71	80	269	99	101	102	102	404
Exploration	1	5	4	14	3	3	3	3	12
Deprec., Deplet., & Amort.	21	24	29	97	29	29	29	29	116
Other, incl hedge	(3)	(4)	(7)	(15)	10	10	10	10	40
Ebit									
	35	46	53	173	57	59	60	60	236
Interest	4	4	4	17	4	4	4	4	15
Ebt									
	31	42	49	156	53	55	56	56	221
Income Tax	12	15	17	54	19	19	20	20	77
Net Income (\$mm)									
	19	27	32	101	35	36	36	37	143
Per Share (\$)	0.43	0.60	0.71	2.25	0.77	0.79	0.80	0.81	3.17
Shares (millions)									
	45	45	45	45	45	45	45	45	45
Lease operating (\$/bbl)	14.84	15.49	16.60	16.13	22.01	22.46	22.43	22.51	22.35
General and admin (\$/bbl)	4.41	3.76	4.23	4.06	3.92	3.92	3.88	3.88	3.90
Deprec., D, & A (\$/bbl)	8.42	9.83	11.29	9.91	11.41	11.41	11.29	11.28	11.35
Ebitda Margin	53%	60%	60%	58%	60%	60%	60%	60%	60%
Tax rate	38%	35%	35%	35%	35%	35%	35%	35%	35%



Berry Petroleum Company					
Functional Cash Flow and Present Value					
	NTM Ebitda	Adjusted	PV/	Present	
	(US\$mm)	R/P	Ebitda	Value	
				(US\$mm)	
North American Natural Gas	80	11.9	9.5	760	26%
Oil	324	9.8	6.8	2,200	74%
	404	10.3	7.3	2,960	100%
Debt (US\$mm)					700
Net Present Value (US\$mm)					2,260
Shares (mm)					45
Net Present Value - Standard Estimate (US\$/sh)					50
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					50



McDep LLC
Independent Stock Idea
February 15, 2008



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