



Rating: Buy
 S&P 500: 1391

Berry Petroleum Company Earnings Fit with Oil Price

<i>Symbol</i>	BRY	<i>Ebitda Next Twelve Months ending 3/31/09 (US\$m)</i>	511
<i>Rating</i>	Buy	<i>North American Natural Gas/Ebitda (%)</i>	21
<i>Price (\$/sh)</i>	49.15	<i>Natural Gas and Oil Production/Ebitda (%)</i>	100
<i>Pricing Date</i>	4/29/08	<i>Adjusted Reserves/Production NTM</i>	10.3
<i>Shares (mm)</i>	45	<i>EV/Ebitda</i>	5.8
<i>Market Capitalization (\$mm)</i>	2,230	<i>PV/Ebitda</i>	5.9
<i>Debt (\$mm)</i>	750	<i>Undeveloped Reserves (%)</i>	40
<i>Enterprise Value (EV) (\$mm)</i>	2,980	<i>Natural Gas and Oil Ebitda (\$/boe)</i>	49.90
<i>Present Value (PV) (\$mm)</i>	3,020	<i>Present Value Proven Reserves(\$/boe)</i>	17.80
<i>Net Present Value (\$/share)</i>	50	<i>Present Value Proven Reserves(\$/mcf)</i>	3.00
<i>Debt/Present Value</i>	0.25	<i>Earnings Next Twelve Months (US\$/sh)</i>	4.74
<i>McDep Ratio - EV/PV</i>	0.99	<i>Price/Earnings Next Twelve Months</i>	10
<i>Dividend Yield (%/year)</i>	0.6	<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

As stock price of buy-recommended **Berry Petroleum (BRY)** reaches estimated net present value (NPV) of \$50 a share, the industry outlook and the company's prospects offer further profit potential. First quarter results released today recorded higher cash flow, higher earnings and higher oil price than in our estimates from three months ago. 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). NPV can be enhanced as Berry develops its backlog of high return investment projects in diatomite oil and Piceance natural gas. Also beyond our basis for estimating NPV, oil price continues to trend upward (see chart (Six-Year Commodity Price Meter)). Meanwhile, Berry is delivering earnings per share that fit with the trend in oil price (see chart Earnings and Oil Price).

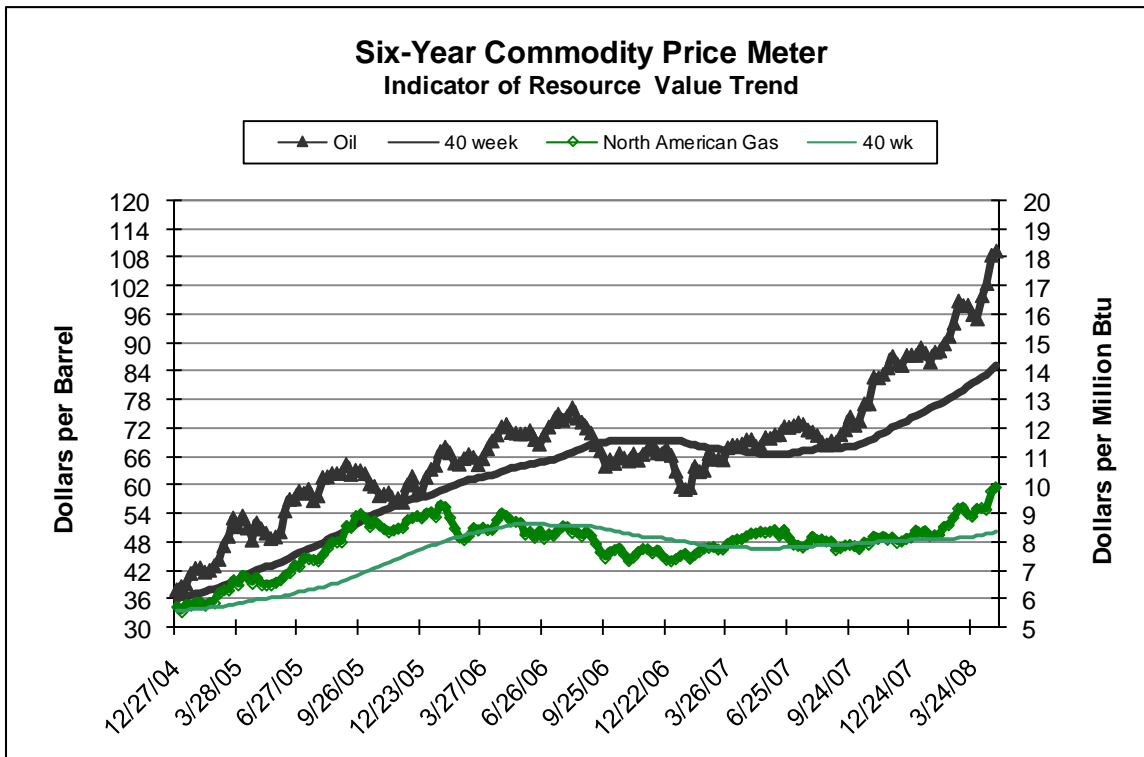
Kurt H. Wulff, CFA

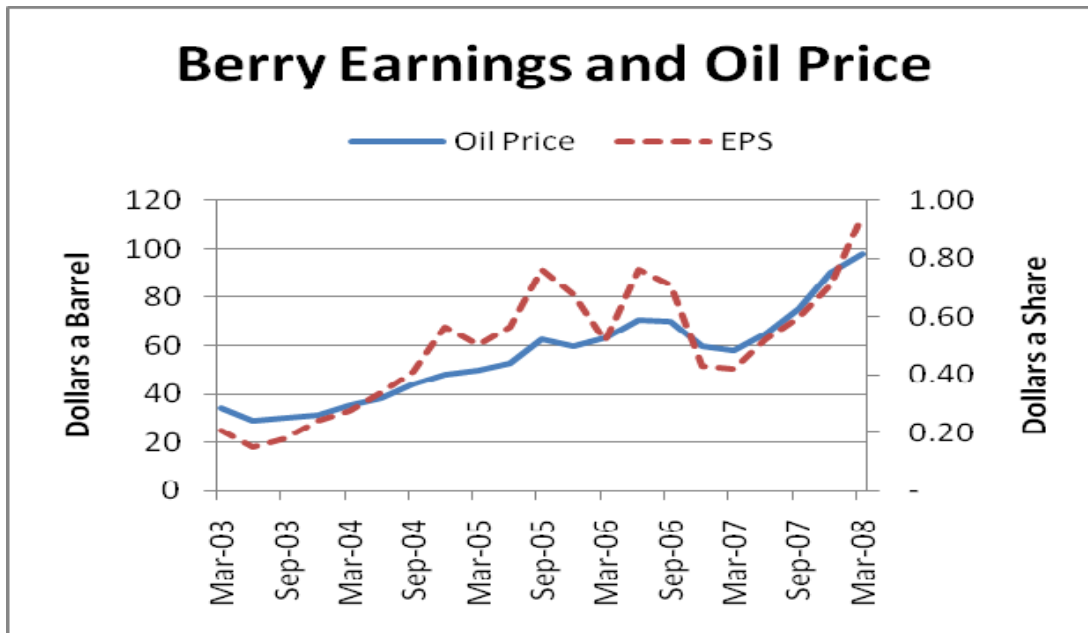


Berry Petroleum Company									
Next Twelve Months Operating and Financial Estimates									
									Next Twelve Months
	Q1	Q4	Year	Q1	Q2E	Q3E	Q4E	Year	
	3/31/07	12/31/07	2007	3/31/08	6/30/08	9/30/08	12/31/08	2008E	3/31/09
Volume									
Natural Gas (mmcf)	36.7	48.2	42.9	49.1	49.1	49.1	49.1	49.1	49.1
Days	90	92	365	91	91	92	92	366	365
Oil (mbd)	19.37	20.00	19.75	19.89	19.89	19.89	19.89	19.89	19.89
Total (mb)	2,294	2,578	9,819	2,554	2,554	2,582	2,582	10,272	10,244
Total (mbd)	25.5	28.0	26.9	28.1	28.1	28.1	28.1	28.1	28.1
Price									
Henry Hub (\$/mmbtu)	6.81	6.97	6.87	8.02	10.75	11.49	11.85	10.52	11.58
Differential (\$/mmbtu)	1.72	2.79	2.34	1.02	1.36	1.46	1.50	1.33	1.48
Company (\$/mcf)	6.48	4.18	4.53	7.00	9.38	10.03	10.34	9.20	10.10
WTI Cushing (\$/bbl)	58.08	90.67	72.28	97.94	116.85	116.98	115.03	111.70	115.57
Differential	12.37	17.25	14.43	14.07	23.33	23.36	22.97	20.92	23.07
Company	45.71	73.43	57.85	83.88	93.52	93.62	92.06	90.78	92.50
Total (\$/bbl)	44.07	59.58	49.70	71.67	82.67	83.88	83.31	80.40	83.20
Revenue (\$mm)									
Natural Gas	21	19	71	31	42	45	47	165	181
Oil	80	135	417	152	169	171	168	661	671
Other, incl hedge	1	(20)	(20)	(19)				(19)	
Total	102	134	468	164	211	217	215	807	852
Expense									
Lease operating	37	43	158	48	73	75	75	271	297
General and administrative	10	11	40	11	11	11	11	46	44
Total	47	54	198	59	84	87	86	316	341
Ebitda									
Exploration	1	4	14	4	4	4	4	16	15
Deprec., Deplet., & Amort.	20	29	97	28	28	28	28	111	111
Other, incl hedge	1	(7)	(15)	3	10	10	10	33	40
Ebit									
Interest	4	4	17	4	4	4	4	15	15
Ebt									
Income Tax	10	17	54	23	28	30	29	110	116
Net Income (\$mm)									
Per Share (\$)	0.42	0.71	2.25	0.95	1.16	1.21	1.20	4.52	4.74
Shares (millions)									
Lease operating (\$/bbl)	16.30	16.60	16.13	18.64	28.60	29.14	28.91	26.34	28.97
General and admin (\$/bbl)	4.36	4.23	4.06	4.46	4.46	4.42	4.42	4.44	4.31
Deprec., D, & A (\$/bbl)	8.50	11.29	9.91	10.88	10.88	10.77	10.77	10.83	10.86
Ebitda Margin	54%	60%	58%	64%	60%	60%	60%	61%	60%
Tax rate	35%	35%	35%	35%	35%	35%	35%	35%	35%



Berry Petroleum Company					
Functional Cash Flow and Present Value					
	<i>NTM Ebitda</i>	<i>Adjusted</i>	<i>PV/</i>	<i>Present</i>	
	<i>(US\$mm)</i>	<i>R/P</i>	<i>Ebitda</i>	<i>Value</i>	
				<i>(US\$mm)</i>	
North American Natural Gas	110	12.9	6.9	760	25%
Oil	401	9.5	5.6	2,260	75%
	511	10.3	5.9	3,020	100%
Debt (US\$mm)					750
Net Present Value (US\$mm)					2,270
Shares (mm)					45
Net Present Value - Standard Estimate (US\$/sh)					50
NPV Approximation by Cash Flow Multiple Depending on Reserve Life (US\$/sh)					50





Disclaimer: This analysis was prepared by Kurt Wulff, Manager of McDep LLC as of January 1, 2008. Previously Mr. Wulff was doing business as McDep Associates. The firm used sources and data believed to be reliable, but makes no representation as to their accuracy or completeness. This analysis is intended for informational purposes and is not a solicitation to buy or sell a security. Past performance is no guarantee of future results.

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