



Audit Committee Charter

CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF BERRY PETROLEUM COMPANY

The Audit Committee (the “**Committee**”) is a standing committee of the Board of Directors (the “**Board**”), established to assist the Board in fulfilling its responsibilities to the shareholders relating to the reliability and integrity of the accounting policies, financial reporting and financial disclosure practices of Berry Petroleum Company (the “**Company**”). This amended Charter (the “**Charter**”) of the Committee was approved by the Board of the Company on February 24, 2005.

I. Purposes, Duties and Responsibilities of the Berry Petroleum Company Audit Committee.

A. Purposes.

The purposes of the Committee are to:

1. Provide assistance to the Board in fulfilling its responsibilities to the shareholders relating to the reliability and integrity of the accounting policies, financial reporting and financial disclosure practices of the Company.
2. In conjunction with counsel and independent accountants, the Committee shall review, as it deems appropriate, the adequacy of and compliance with the system of internal controls of the Company, including compliance by the Company with all applicable laws, regulations and Company policies relating to accounting, financial reporting and financial disclosure.
3. The Committee shall also assist the Board with the oversight of the independent accountant’s qualifications and independence, and the performance of the Company’s internal audit function and independent accountants.
4. The Committee shall prepare an Audit Committee report each year for inclusion in the Company’s annual proxy statement.

B. Duties and Responsibilities

The duties and responsibilities of the Committee are set forth below. These duties and responsibilities do not limit the generality of the Committee’s purposes or authority provided for elsewhere in this Charter.

The Committee shall:

1. Hold such regular meetings as may be necessary and such special meetings as may be called by the Chair of the Committee or at the request of the Company’s independent accountants;



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2. Be solely responsible for the appointment, compensation, retention and oversight of the work of the independent accountants employed by the Company;
3. Review the qualifications, performance, and independence of the firm of independent accountants, set hiring policies for employees or former employees of the independent accountants and insure that auditor personnel rotation requirements are met;
4. Evaluate the performance of the Company's internal audit function;
5. Annually, obtain and review a report by the independent auditing firm describing a) the firm's quality-control procedures; b) any material issues raised by the most recent internal quality-control review, or peer review of the firm, or by any inquiry or investigation by governmental or professional authorities, within the proceeding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and c) all relationships between the independent accountant and the Company in order to assess the auditor's independence;
6. Confer with the independent accountants concerning the scope of their examinations of the books and records of the Company; review the independent accountants' annual engagement letter; discuss with the independent accountant critical accounting policies and practices, alternative treatments within GAAP for policies and practices related to material items, and other material written communication and direct the special attention of the independent accountants to specific matters or areas deemed by the Committee or the auditors to be of special significance;
7. Meet separately, periodically, with management, with internal auditors and with independent accountants;
8. Review with the independent accountant any audit problems or difficulties and management's response;
9. Review with the Board or management, the independent accountants and internal auditors significant risks and exposures, audit activities and significant audit findings;
10. Discuss policies with respect to risk assessment and risk management;
11. Meet to review and discuss the Company's annual audited financial statements and quarterly financial statements with management and the independent accountant including, but not limited to, reviewing the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations;"
12. Discuss the Company's earnings press releases, as well as financial information and earnings guidance, if any, provided to analysts and rating agencies;
13. Confer with the independent accountants prior to the release by the Company of the quarterly or annual earnings release;
14. Pre-approve any audit or permissible non-audit services of the independent accountant;



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15. Review the Company's audited annual financial statements and status of tax examinations and issues and the independent auditors' opinion rendered with respect to such financial statements, including reviewing the nature and extent of any significant changes in accounting principles or the application therein;

16. Obtain from the independent accountants and internal auditors their recommendations, if any, regarding internal controls and other matters relating to the accounting procedures and the books and records of the Company and review the improvement of controls deemed to be deficient, if any;

17. Provide an independent, direct line of communication between the Board and the internal auditors and independent accountants;

18. Review related party relationships and transactions and the disclosures of such transactions in the Company's public filings and require confirmation that there are no Company loans to directors or officers;

19. Review the appropriateness and cost of the Company's insurance programs;

20. Review the procedures established by the Company that monitor compliance by the Company with its loan and indenture covenants and restrictions, and interest rate hedging policy; if any;

21. Review the Company's commodity hedging policies and procedures;

22. Establish procedures for the receipt, retention, and treatment of complaints regarding accounting, internal accounting controls, or auditing matters of the Company; and for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;

23. Maintain minutes or other records of meetings and activities of the Committee; report to the Board following meetings of the Committee;

24. Review the responsibilities and powers of the Committee and report and make recommendations to the Board on these responsibilities and powers;

25. Conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee shall, at its own discretion, retain independent counsel, accountants, or others to assist it in the conduct of any investigation or to assist it in carrying out its duties as the Committee deems necessary;



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26. Consider such other matters in relation to the financial affairs of the Company and its accounts, and in relation to the external audit of the Company as the Committee may, in its discretion, determine to be advisable;

27. Perform an annual self-performance evaluation of the Committee;

28. The Committee relies on the expertise and knowledge of management, the internal auditors, and the independent accounting firm in carrying out its oversight responsibilities. Management of the Company is responsible for determining the Company's financial statements are complete, accurate, and in accordance with generally accepted accounting principles. The independent accounting firm is responsible for auditing the Company's financial statements. It is not the duty of the Committee to plan or conduct audits, to determine that the financial statements are complete and accurate and are prepared in accordance with generally accepted accounting principles, to conduct investigations, or to assure compliance with laws and regulations or the Company's internal policies, procedures, and controls.

29. The Company is responsible for providing the Committee with educational resources related to accounting principles and procedures, current accounting topics pertinent to the Company and other material as may be requested by the Committee from time to time.

30. The Committee shall reassess this Charter and make recommendations to the Board regarding its revision when and as necessary.

II. Organization of the Audit Committee.

A. Committee Members

The Committee shall be comprised of at least three directors all of whom are independent of management. Members of the Committee shall be considered independent if they have been so determined to be independent by the Board such that they have no relationship to the Company that may interfere with the exercise of their independence from management and the Company. All Committee members will be financially literate, and at least one member will have accounting or related financial expertise and shall be found to meet the qualifications to be designated an Audit Committee Financial Expert as defined by the regulations promulgated by the Securities and Exchange Commission.

B. Committee Structure and Operations

The Board shall appoint each member of the Committee based on the recommendations of the Corporate Governance and Nominating Committee. The members of the Committee shall serve as such until their resignation, retirement or removal or until their successors are appointed. Any member of the Committee individually or all members of the Committee collectively may be removed from office without cause by the affirmative vote of a majority of the Board. Unless a Chair is elected by the full Board, the members of the Committee may designate a Chair by majority vote of the full



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Committee membership. The frequency and timing of Committee meetings shall be set by the Committee, but it shall meet at least four times per year.

C. Resources and Authority of the Committee; Consultants

The Committee shall have the resources and authority appropriate to discharge the Committee's duties and responsibilities, including the authority to obtain advice and assistance from internal and external legal, accounting and other advisers. Without limiting the generality of the foregoing, the Committee is authorized, in its sole and absolute discretion, at any time and from time to time to appoint, compensate, retain and oversee the work of the independent accountants.

III. Reporting.

A. Regular Committee Reporting to the Board

The Committee shall report regularly to the Board regarding the Committee's actions and matters or issues that the Committee is considering in addition to providing the minutes of Committee meetings.

B. Annual Performance Evaluation Report

The Committee shall produce and provide to the Board (concurrently with the Committee's provision to the Board of the SEC Annual Report) an annual written report (the "**Annual Performance Evaluation Report**") containing the Committee's evaluation of its own performance of its duties and responsibilities under this Charter during the year covered by the SEC Annual Report. The Committee shall conduct the evaluation of its performance hereunder in such manner as the Committee deems appropriate. The Committee may include in any Annual Performance Evaluation Report a recommendation to the Board that this Charter be modified in any respect deemed by the Committee to be necessary or desirable.

C. Amendment

Only the Board may modify, amend or repeal this Charter or any term or provision hereof.

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