UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

FORM 10-Q

/ X / QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For First Quarter Ending March 31, 1999

OR

/ / TRANSACTION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 1-9035

POPE RESOURCES, A DELAWARE

LIMITED PARTNERSHIP
(Exact name of registrant as specified in its charter)

DELAWARE	91-1313292
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification Number)

19245 10TH AVENUE NE, POULSBO, WA 98370
Telephone: (360) 697-6626
(Address of principal executive offices including zip code)
(Registrant's telephone number including area code)

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 for 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

P A R T I

ITEM 1

FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS (Unaudited)

Pope Resources
March 31, 1999 and December 31, 1998

(Thousands)	1999	1998
Assets		
Current assets:		
Cash	$ 1,002	$ 2,666
Accounts receivable	2,200	639
Work in progress	12,298	11,199
Current portion of contracts receivable	592	611
Prepaid expenses and other	257	368
Total current assets	16,349	15,483
Properties and equipment at cost:		
Land and land improvements	16,463	16,701
Roads and timber (net of accumulated depletion)	12,340	11,272
Buildings and equipment (net of accumulated depreciation)	16,046	16,028
	44,849	44,001
Other assets:		
Contracts receivable, net of current portion	1,786	1,780
Unallocated amenities and project costs	1,114	1,073
Other	356	369
	3,256	3,222
	$64,454	$62,706
Liabilities and Partners' Capital		
Current liabilities:		
Accounts payable	$ 831	$ 777
Accrued liabilities	1,318	1,383
Current portion of long-term debt	390	382
Minority interest	68	256
Total current liabilities	2,607	2,798
Long-term debt, net of current portion	13,641	13,818
Deferred profit	194	194
Partners' capital	48,012	45,896
	$64,454	$62,706

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

Pope Resources
Three Months Ended March 31, 1999 and 1998

(Thousands, except per unit data)

	1999	1998
Revenues	$12,566	$ 9,948
Cost of sales	(3,063)	(2,729)
Operating expenses	(4,244)	(2,726)
Selling general and administrative	(2,265)	(1,702)
Income from operations	2,994	2,791
Other income (expense):		
Interest expense	(324)	(358)
Interest income	30	150
Equity in earnings / (losses) of joint venture	-	(120)
	(294)	(328)
Income before income taxes and minority interest	2,700	2,463
Minority interest	(17)	(126)
Income before income taxes	2,683	2,337
Income tax provision	(116)	-
Net income	$ 2,567	$ 2,337
Allocable to general partners	$ 34	$ 31
Allocable to limited partners	2,533	2,306
	$ 2,567	$ 2,337
Earnings per unit:		
Basic	$ 0.57	0.52
Fully diluted	$ 0.57	$ 0.52
Weighted average units outstanding:		
Basic	4,519	4,519
Fully diluted	4,536	4,528

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

Pope Resources

Three Months Ended March 31, 1999 and 1998

(Thousands)	1999	1998
Net cash flows from operating activities	$ 1,116	$ 2,340
Cash flows from investing activities:		
Capital expenditures	(1,971)	(1,196)
Joint venture investment	-	(125)
Net cash used in investing activities	(1,971)	(1,321)
Cash flows from financing activities:		
Cash distributions to unitholders	(452)	(452)
Minority interest distribution	(208)	
Repayment of long-term debt	(149)	(82)
Net cash used in financing activities	(809)	(534)
Net increase (decrease) in cash and cash equivalents	(1,664)	485
Cash and cash equivalents at beginning of period	2,666	3,950
Cash and cash equivalents at end of the period	$ 1,002	$ 4,435

POPE RESOURCES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

March 31, 1999

1. The consolidated financial statements have been prepared by the Partnership without an audit and are subject to year-end adjustments. Certain information and footnote disclosures in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of the Partnership, the accompanying consolidated balance sheets as of March 31, 1999 and December 31, 1998 and the consolidated statements of income for the three months ended March 31, 1999 and 1998 and cash flows for the three months ended March 31, 1999 and 1998 contain all adjustments necessary to present fairly the financial statements referred to above. The results of operations for any interim period are not necessarily indicative of the results to be expected for the full year.

2. The financial statements in the Partnership's 1998 annual report on Form 10-K include a summary of significant accounting policies of the Partnership and should be read in conjunction with this Form 10-Q.

3. Fully diluted earnings per unit include the dilutive impact of unit options outstanding.

4. Supplemental disclosure of cash flow information: Interest paid amounted to approximately $342,000 and $365,000 for the three months ended March 31, 1999 and 1998, respectively.

5. Revenues and operating income by segment for the three months ending March 31 is as follows:

(Thousands)	Timberland Resources	Real Estate	Administrative	Consolidated
1999				
Revenues	$10,476	$ 2,090	$ -	$12,566
Income (loss) from operations	5,369	(443)	(1,932)	2,994
1998				
Revenues	$ 7,642	$ 2,306	-	$ 9,948
Income (loss) from operations	4,239	(12)	$(1,436)	2,791

6. Certain reclassifications have been made to 1998 amounts to conform to 1999 presentation.

ITEM 2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF

FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(Unaudited)
March 31, 1999

This discussion should be read in conjunction with the Partnership's consolidated financial statements included with this report.

RESULTS OF OPERATIONS

TIMBERLAND RESOURCES

Timberland Resources revenues were $10,476,000 and $7,642,000 for the three months ended March 31, 1999 and 1998, respectively. The increase in revenues resulted primarily from an increase in timber harvested from the Partnership's tree farm and to a lesser extent revenues from the forestry consulting business acquired in December 1998.

In December of 1998 the Partnership acquired the assets comprising Simons Reid Collins, a division of H.A. Simons Ltd. of Vancouver, British Columbia. Timberland Resources revenues were positively impacted by inclusion of these revenues in 1999 results. The business, which now operates as ORM Resources Canada Ltd, is expected to expand the Partnership's ability to market timberland management and forestry consulting services globally to owners and managers of timberlands.

The Hancock Timber Resource Group (HTRG) contract to provide timberland management services currently covers over 500,000 acres in Washington, Oregon, California, and British Columbia. Total acres under management for HTRG is subject to change from time to time as HTRG's client portfolios are adjusted. As such changes occur, Timberland Resources revenues will fluctuate with an increase in acres bringing a positive impact and a decrease in acres producing an adverse effect. An example of such a portfolio change occurred recently when HTRG, on behalf of one of its pension fund clients, chose to sell 25,000 acres of timberland in northern California.

Other changes can potentially occur if existing HTRG clients choose to select an investment manager other than HTRG. An example of such a change occurred recently when HTRG was notified of the State Teachers Retirement System of Ohio's (STRSO) plan to change investment managers in the first half of 1999. This will affect the Partnership inasmuch as the Timberland Resources business segment has been managing 97,000 acres of STRSO's portfolio on behalf of the current investment manager, HTRG. The decrease in acres under management is expected to have an adverse effect on revenues in 1999.

The Partnership harvested and sold the following timber for the three months ended March 31:

Year	Softwood Sawlogs		Pulp Logs		Hardwood and Other		Totals	
	Volume MMBF	Price $/MBF	Volume MMBF	Price $/MBF	Volume MMBF	Price $/MBF	Volume MMBF	Price $/MBF
1999	11.2	$615	2.1	$207	0.1	$528	13.4	$554
1998	7.9	$589	2.5	$283	0.2	$469	10.6	$516

MMBF = million board feet
MBF = thousand board feet

Log revenues from the Partnership's fee timberland ownership are significantly affected by export log market conditions. The majority of the Partnership's export log volume is sold to Japan. The Japanese export market showed some signs of recovery in the first quarter of 1999. The average price of export logs sold was $696 per MBF, which represented a 2% increase from the comparable period in 1998. More significantly, export log volumes increased. Export log volumes sold through domestic intermediaries for the three months ended March 31, 1999 and 1998 were 4,826 MBF and 2,495 MBF, respectively. As a result, management has accelerated the timing of planned 1999 log production into the first half of the year and, to the extent possible, focused more heavily on timber stands with a higher mix of export-suitable logs. The proportion of export logs to total volume harvested has thus increased to 36% in 1999 from 23% in 1998.

As export log prices change, logs may be diverted to or from the domestic log market. This can cause a shift in the domestic supply-demand balance, which in turn impacts log prices. The average price of domestic logs sold were $553 and $547 per MBF for the first three months of 1999 and 1998, respectively. Domestic sawlog volumes for the three months ended March 31, 1999 and 1998 were 6,375 MBF and 5,400 MBF, respectively. Domestic log demand is directly and indirectly affected by the level of new home construction, repair and remodel expenditures, weather, and market conditions in foreign markets (especially Asia). Interest rate fluctuations, population demographics, and changes in general economic conditions are factors that influence housing starts. The level of existing homes sold, together with interest rate movements, heavily influence repair and remodel expenditures. In combination these forces affect the demand for lumber which in turn drives the demand for logs. All of these factors affect the price the Partnership receives from the sale of its log production.

Pulp log volumes for the three months ended March 31, 1999 and 1998 were 2,092 MBF and 2,548 MBF, respectively. Pulp markets were relatively weak in the first quarter of 1999. The average price of pulp logs sold were $207 and $283 per MBF for the first three months of 1999 and 1998, respectively. As management shifted log production to capitalize on the relatively strong export log market, the proportion of the total harvest mix attributable to pulp log volume declined to 16% from 24% in 1998.

In January of 1999, the Partnership acquired 512 acres of timberland for $1,300,000. The property acquired is contiguous to the Partnership's Hood Canal tree farm and will be managed with the Partnership's other properties in western Washington.

In the operation and management of its tree farm, the Partnership is subject to federal, state and local laws that govern land use. Management's objective is to be in compliance with such laws and regulations at all times. Management anticipates that increasingly strict governmental requirements and a growing social concern relating to environmental and endangered species issues may result in additional restrictions on the timber operations of the Partnership. The material risk of loss from fire, while possible on any timberland, is minimized on Partnership lands by maintaining a well-developed road system, and an established fire monitoring and suppression plan. The Washington State Department of Natural Resources supplements all of management's activities and is ultimately responsible for all fire suppression activities in the state.

REAL ESTATE

Real Estate consists of residential development and income-producing properties. Residential development consists of the sale of single-family homes, finished lots and undeveloped acreage. Income-producing properties center around the Port Ludlow resort community and consist of the 36-room Heron Beach Inn on Ludlow Bay, a 27-hole championship golf course, a 300-slip saltwater marina, a restaurant/lounge, commercial center, RV park, and water and sewer services provided to Port Ludlow residents and businesses. Income-producing properties also include properties in Port Gamble and Kingston. Real Estate revenues for the three months ended March 31, 1999 and 1998 were $2,090,000 and $2,306,000, respectively

Revenues from residential development for the three months ended March 31, 1999 and 1998 were $762,000 and $1,368,000, respectively. Management believes the decrease in residential development revenue is primarily attributable to the inclement weather experienced in western Washington during the first quarter of 1999.

The Partnership's largest development is in Port Ludlow, Washington. During the three months ending March 31, 1999, the Partnership's development at Port Ludlow generated revenues of $392,000 on 1 finished lot sale and 2 home sales. This compares to the prior year's comparable period revenue of

$908,000 on 6 finished lot sales and 2 home sales. Revenue realized per sale depends on the quality and size of the home, the subdivision, and the location of the lot.

Revenue from income-producing properties totaled $1,328,000 and $938,000 for the three months ended March 31, 1999 and 1998, respectively. The increase resulted from revenue earned by the Heron Beach Inn on Ludlow Bay. Prior to 1999 the Partnership held a 50% interest in the joint venture that owned the Inn. In December 1998, the Partnership increased its ownership interest in the Inn to 100% through a buyout of its partner. As a result of the acquisition, revenues and expenses from the Inn are now included in the Partnership's operating income.

The Partnership continues to be in the planning and entitlement phases for several developments located in the West Puget Sound region. In 1997, the City of Bremerton approved the Partnership's request for a planned unit development on a 260-acre property. The industrial portion of the Bremerton property is 60 acres. Construction of the off-site sewer is completed and the Partnership is focusing on its marketing plan. With respect to other properties, the Partnership continues to work with officials in Gig Harbor regarding the development of a 320-acre mixed-use project located within the Gig Harbor city limits. The Partnership has two additional ongoing projects in Kitsap County, a 720-acre residential development in Kingston and a 200-acre residential development in Hansville. Development of these sites was delayed pending resolution of a lawsuit in which the Partnership was not a party. In April of 1999, the Washington State Court of Appeals rendered a favorable decision and the Partnership is currently evaluating plans to move forward with development of these projects.

Land holdings throughout Washington State are affected by the state's Growth Management Act, which requires counties to submit comprehensive plans that identify the future direction of growth and stipulate where population densities are to be concentrated. In Jefferson County, in which Port Ludlow is located, the State Hearings Board approved the County's Comprehensive Plan. In this plan Port Ludlow was granted status as a Master Planned Resort thereby ensuring future build-out and development of the resort. The Partnership is now working with local residents and Jefferson County to adopt a zoning ordinance for Port Ludlow. In Kitsap County, where Port Gamble is located, the State Hearings Board rendered a decision in February of 1999 invalidating Port Gamble's designation as an urban growth area and directed the County to re-designate Port Gamble with an appropriate rural based zoning. The Partnership, in cooperation with the County, is in the process of seeking approval to designate Port Gamble as an area of more intensive rural development. The Partnership expects to complete this process with the County in the fall of 1999.

OTHER

The following table sets forth expenses as a percentage of revenues for the three months ending March 31:

	1999	1998
Revenues	100%	100%
Cost of sales	24	27
Operating expenses	34	27
Selling, general and administrative expenses	18	17
Operating income	24%	28%

Cost of sales as a percentage of revenues declined due to a decrease in revenues earned from residential development. Revenues from the sale of homes and lots tend to include a relatively high cost-of-sales component. Operating expenses as a percentage of revenues increased due to an increase in operating expenses associated with timberland management. Prior-year costs reflect the build-up in infrastructure at the inception of the HTRG contract and, accordingly, only partially captured the normalized operating level shown in 1999's results.

Selling, general and administrative expenses increased slightly as a percentage of revenues as a result of costs incurred to develop the infrastructure necessary to administer the newly acquired forestry consulting business and Heron Beach Inn, both of which were acquired in December of 1998.

The income tax provision for the three months ended March 31, 1999 relates to taxable income of the Partnership's corporate subsidiaries.

LIQUIDITY AND CAPITAL RESOURCES

Funds generated internally through operations and externally through financing will provide the required resources for the Partnership's real estate development and other capital expenditures. Management may also consider increasing the Partnership's debt to total capitalization ratio to participate in investments in real property, if the investments meet the Partnership's requirements of return and provide a good fit with the Partnership's portfolio of properties. Management considers its capital resources to be adequate for its current plans. At March 31, 1999, the Partnership had available an unused $20 million bank loan commitment.

Management has considerable discretion to increase or decrease the level of logs cut and thereby may increase or decrease net income and cash flow, assuming log prices and demand remain stable. Management's current plan is to harvest approximately 38 million board feet of timber in 1999. Since harvest plans are based on demand and pricing, actual harvesting may vary subject to management's ongoing review.

Cash provided by operating activities was $1,116,000 for the first three months of 1999, and overall cash and cash equivalents decreased by $1,664,000 during the three-month period. The cash generated from operations was primarily used for capital expenditures of $1,971,000 and cash distributions to unitholders of $452,000.

During the first quarter of 1999, Mr. Adolphus Andrews retired from the Board of Directors of Pope MGP, the Partnership's General Partner. Mr. Joseph O. Tobin II was selected to join Pope MGP's Board of Directors and his term expires on December 31, 2000.

The first quarter 1999 cash distribution of $.10 per unit, payable to unitholders of record on March 17, 1999, was paid on March 31, 1999.

YEAR 2000

The Partnership has hired consultants to help evaluate its exposure related to year 2000 (Y2K) issues and to develop a plan to fix hardware or software that is not Y2K compliant. Projected costs of identifying Y2K issues, fixing software and hardware that is not Y2K compliant, and querying major vendors and customers to determine their state of readiness are not expected to be greater than $250,000. Costs incurred through March 31, 1999 total $180,000. Management has completed the process of identifying the hardware, software, and related equipment that must be modified, upgraded, or replaced to minimize the possibility of a material disruption of its business. Management has essentially achieved Y2K compliance for all of its critical internal systems, and expects to complete this process for its remaining systems no later than the third quarter of 1999. In addition to computer equipment, the Y2K consultants are currently assessing the potential impact of Y2K compliance issues for other equipment with embedded date-sensitive processors.

In addition, management has initiated communications with suppliers of major hardware, software, and other related equipment used, operated, or maintained by the Partnership, to identify and, to the extent possible, resolve issues involving Y2K compliance. The Partnership has not received notification by these suppliers of significant unresolved Y2K problems. However, there can be no assurance that these suppliers will resolve all potential Y2K problems, whether currently known or not, before the occurrence of a material disruption to the business of the Partnership.

To date, the majority of suppliers and customers contacted have confirmed that they will be Y2K compliant prior to January 1, 2000 or have indicated that the status of their Y2K compliance has yet to be determined. However, management can give no assurance that the Y2K issue will not materially affect its suppliers or customers. In addition, management can give no assurance that failure by its suppliers and customers to achieve Y2K compliance will not have a significant impact on the Partnership's business.

However, management intends to continue with follow-up communications until all critical suppliers and customers have indicated their status and/or compliance. In the event that a significant customer or vendor were not able to operate after the year 2000, the resulting interruption in the Partnership's business could lead to costs in excess of management's estimate of expenses related to Y2K compliance.

A framework for developing contingency plans in the event of significant interruptions of internal systems or our supplier's or customer's businesses is currently being developed. Contingency plans are expected to be complete late in 1999. Management believes that the most reasonably likely worst case scenario relating to Y2K compliance could relate to a potential disruption in cash processing from failures of customers and/or financial institutions.

PART II

Items 1 through 5 are not applicable.

6. EXHIBITS AND REPORTS ON FORM 8-K

None.

Exhibit 27. Financial Data Schedule

POPE RESOURCES

SIGNATURE

Pursuant to the requirement of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

POPE RESOURCES,
A Delaware Limited Partnership
Registrant

Date: May 10, 1999	By: POPE MGP, Inc. Managing General Partner
Date: May 10, 1999	By: -- Gary F. Tucker President and Chief Executive Officer
Date: May 10, 1999	By: -- Thomas M. Ringo Sr. Vice President Finance & Client Relations (Principal Financial Officer)
Date: May 10, 1999	By: -- Meredith R. Green Vice President Finance and Treasurer (Principal Accounting Officer)

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3-MOS
DEC-31-1999
DEC-31-1998
MAR-31-1999
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