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 Second Quarter Ending June 30, 1997

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 [ ] No [X]

P A R T I

ITEM 1

Financial Statements

CONSOLIDATED BALANCE SHEETS (Unaudited)

Pope Resources
June 30, 1997 and December 31, 1996

(Thousands)	1997	1996
Assets		
Current assets:		
Cash	$ 3,483	$ 3,741
Accounts receivable	1,105	517
Work in progress	9,648	10,522
Current portion of contracts receivable	964	1,251
Prepaid expenses and other	598	317
Total current assets	15,798	16,348
Properties and equipment at cost:		
Land and land improvements	15,121	15,047
Roads and timber (net of accumulated depletion)	11,070	11,030
Buildings and equipment (net of accumulated depreciation)	10,813	9,600
	37,004	35,677
Other assets:		
Contracts receivable, net of current portion	1,518	1,561
Unallocated amenities and project costs	934	936
Loan fees and other	73	77
	2,525	2,574
	$55,327	$54,599
Liabilities and Partners' Capital		
Current liabilities:		
Accounts payable	$ 720	$ 692
Accrued liabilities	289	586
Current portion of long-term debt	337	325
Deposits	70	110
Total current liabilities	1,416	1,713
Deficit in investment in joint venture	373	316
Long-term debt, net of current portion	14,233	14,403
Other long-term liabilities	275	275
Deferred profit on contracts receivable	257	276
Partners' capital	38,773	37,616
	$55,327	$54,599

CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

Pope Resources
Three Months and Six Months Ended June 30, 1997 and 1996

(Thousands, except per unit data)

	Three Months Ended June 30		Six Months Ended June 30	
	1997	1996	1997	1996
Revenues	$ 7,526	$ 9,282	$ 14,607	$ 17,975
Cost of sales	(3,379)	(3,822)	(5,851)	(6,885)
Selling and administration expenses	(3,061)	(1,900)	(5,624)	(3,186)
Income from operations	1,086	3,560	3,132	7,904
Other income (expense):				
Interest expense	(375)	(348)	(701)	(714)
Interest income	145	84	211	144
Equity in losses of joint venture	(117)	(87)	(220)	(231)
	(347)	(351)	(710)	(801)
Net income	$ 739	$ 3,209	$ 2,422	$ 7,103
Allocable to general partners	$ 7	$ 32	$ 24	$ 71
Allocable to limited partners	732	3,177	2,398	7,032
	$ 739	$ 3,209	$ 2,422	$ 7,103
Net income per partnership unit	$ 0.82	$ 3.55	$ 2.68	$ 7.86

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

Pope Resources
Six Months Ended June 30, 1997 and 1996

(Thousands)	1997	1996
Net cash flows from operating activities	$ 3,348	$ 7,999
Cash flows from investing activities:		
Capital expenditures	(2,020)	(1,100)
Joint venture investment	(163)	(125)
Net cash used in investing activities	(2,183)	(1,225)
Cash flows from financing activities:		
Partnership units repurchased		
Cash distributions to unitholders	(1,265)	
Repayment of long-term debt	(158)	(3,127)
Net cash used in financing activities	(1,423)	(3,127)
Net increase (decrease) in cash and cash equivalents	(258)	3,647
Cash and cash equivalents at beginning of year	3,741	987
Cash and cash equivalents at end of quarter	$ 3,483	$ 4,634

POPE RESOURCES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
June 30, 1997

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 June 30, 1997 and December 31, 1996 and the consolidated statements of income for the three months and six months ending June 30, 1997 and 1996 and cash flows for the six months ending June 30, 1997 and 1996 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 1996 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. Net income per unit is based on 903,894 units.

4. Supplemental disclosure of cash flow information: Interest paid amounted to approximately $676,000 and $724,000 for the six months ended June 30, 1997 and 1996, respectively.

ITEM 2

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(Unaudited)
June 30, 1997

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

Results of Operations

Timberland Resources

The Partnership harvested the following timber:

Year	Total		Softwood Sawlogs		Hardwood Sawlogs		Pulp Logs	
	MMBF	$/MBF	MMBF	$/MBF	MMBF	$/MBF	MMBF	$/MBF
Jan - Jun 1997	15.6	639	12.4	743	.3	425	2.9	210
Jan - Jun 1996	19.5	649	14.3	798	.5	491	4.7	208

Timber revenue for the six months ended June 30, 1997 and 1996 was $10,013,000 and $13,020,000, respectively.

During the first quarter of 1997 the export log market experienced a price decline. In response to this price decline in the export market, we deferred both first and second-quarter log production into the second half of the year. As a result, year-to-date 1997 export volumes lag 1996 levels by 22%. We also shifted the production mix away from the highest valued large-diameter export market segment due to excessive west coast log inventories. Production has consequently been heavier in lower-valued domestic and small-diameter export market segments to allow inventories to draw down and markets to strengthen. This mix shift resulted in an 11% decline between 1997 and 1996 in the year-to-date average log price. The combined volume and mix adjustments resulted in a 31% decline between 1997 and 1996 in export log revenues. Given our low cost basis in logs, this revenue decline flows right to the bottom line.

Domestic log prices during the first half of 1997 were very similar to those realized in early 1996. Pulp and hardwood log prices, however, softened considerably in the first quarter and rebounded in the second quarter, compared to the end of 1996.

The Partnership sells its logs and trees into two major markets: export and domestic markets. Indirect sales to the export market totaled 50% and 55% of total timber revenues for the six month periods ending June 30, 1997 and 1996, respectively. The export demand for logs is directly affected by the demand from Asian countries. Since the Partnership's export logs are sold primarily into the Japanese log market, the strength of the Japanese housing industry and the relative strength of the United States dollar directly affect the demand for export logs. The export market weakened in the first quarter due to high Japanese inventory levels coupled with high west coast log inventories.

The domestic demand for logs is directly affected by the level of new home construction and repair and remodel business activity. Changes in general economic and demographic factors have historically caused fluctuations in housing starts. This in turn affects demand for lumber and commodity wood prices which drives the demand for logs. There continues to be a declining number of domestic sawmills in the company's operating region as lumber manufacturing capacity is rationalized and consolidated into larger facilities. As the number of sawmills has declined, management has thus far been successful in finding replacement outlets for its domestic logs. Management does not believe the decline in domestic sawmills will materially impact its near-term operations but nonetheless is continuing to explore additional outlets for its domestic logs.

Property Development

Property development revenues for the periods ended June 30, 1997 and 1996, were $3,657,000 and $4,956,000, respectively. Property development 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 consist of providing water and sewer services to properties in the Port Ludlow area; a marina, golf course, commercial center and RV park operated by the Partnership; certain Port Gamble parcels leased to individuals; and a restaurant/lounge and related facilities leased to and operated by Village Resorts, Inc.

Revenue from residential development totaled $2,408,000 and $2,929,000 for the quarters ended June 30, 1997 and 1996, respectively. Recognition of deferred revenue of $544,000 was included in the quarters ended June 30, 1996. The Partnership's largest development is in Port Ludlow, Washington. During the first two quarters of 1997 the Partnership's development at Port Ludlow generated revenues of $2,153,000 on 13 finished lot sales and 5 home sales. This compares to the prior year's comparable period sales of $2,199,000 on 4 finished lot sale, and 6 home sales. The revenue per sale depends on the quality and size of the home, the subdivision, and the location of the lot. 1997's sales to date have been buoyed by the continuing strength in the Puget Sound economy and favorable interest rate environment.

The Partnership's inventory consists of a wide variety of subdivisions encompassing a broad spectrum of prices in several locales. The Partnership remains in the planning and entitlement phases for several developments located in the West Puget Sound region. The City of Bremerton approved the request for preliminary planned unit development status on a 270 acre property, and increased the industrial portion to 60 acres. Construction of the off-site sewer will begin next month and should be completed in the fourth quarter. With respect to other properties, we continue to work with officials in Gig Harbor regarding the process under which future development may occur on the Gig Harbor parcel. The Kingston residential development consisting of 750 acres and 765 units awaits entitlements and sewage infrastructure.

Revenue from Income-producing properties totaled $ 2,186,000 and $2,027,000 for the periods ending June 30, 1997 and 1996, respectively. Operations were fairly consistent for the periods ending June 30, 1997 and 1996 and management expects future revenues to continue to increase. As of January 1, 1996 the Partnership assumed responsibility for management of the Port Gamble townsite from Pope & Talbot, Inc. A planning process is underway to determine how best to optimize the values inherent in both Port Gamble's historic core and its attendant acreage.

Other

The Partnership is a joint venture partner in a 36-room inn at Port Ludlow. For the first two quarters of 1997 the inn showed an increase in occupancy over the first two quarters of 1996, but nevertheless below expectations. Management of the joint venture is working hard to create innovative ways to increase occupancy and revenues. The Partnership's share of joint venture losses were $220,000 and $231,000 for the first two quarters of 1997 and 1996, respectively.

On March 14, 1997 Pope Resources marked a watershed event in conjunction with a meeting of our unitholders. In an overwhelming show of support, the partners authorized the company's launch of a new strategic initiative called the Investor Portfolio Management Business. The vehicle for this initiative will be Olympic Resource Management, LLC which will seek out investors interested in developing risk-diversified portfolios of timber and land. We will generate fee income from our investor clients as we acquire properties to place into these portfolios as well as by managing the acquired assets. We expect considerable progress to be made this year in proving out the Investor Portfolio Management Business (IPMB) strategy.

Selling, general and administrative expenses were $ 5,624,000 and $3,186,000 for the six months ending June 30, 1997 and 1996, respectively. The increase in expenses primarily relates to the following: payroll and employee related costs such as education, insurance, travel and entertainment, and professional services related to computer technology to enhance our internal systems to remain competitive, expenses related to the proxy statement and unitholder holder vote held on March 14, 1997, and costs associated with the above-mentioned strategic initiative.

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 capital expenditures. Management considers its capital resources to be adequate for its real estate development plans, both in the near-term and on a long-term basis. At June 30, 1997, 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 thus drive net income and cash flow up or down assuming, of course, log prices and demand remain stable. Management's current plan is to harvest approximately 32 million board feet of timber in 1997 which compares to 32 million board feet in 1996. Since harvest plans are based on demand, price and cash needs, actual harvesting may vary subject to management's on-going review.

Cash provided by operating activities generated $3,348,000 for the first half of 1997, and overall cash and cash equivalents decreased by $258,000. The cash generated was primarily used for capital expenditures of $2,020,000, and repayments of long-term debt of $158,000.

The Partnership declared a cash distribution of $.70 per unit payable on June 16, 1997 to unitholders of record as of May 31, 1997. The practice of the Partnership has been to make annual cash distributions only for the purpose of defraying the federal and state tax liability of unitholders on their flow-through share of Partnership net income and as approved from time to time by the managing general partner. In 1997, the Partnership expects to make quarterly distributions which coincide with tax payment due dates.

PART II

ITEM 4

Submission of Matters to a Vote of Security Holders

ITEM 5

Other Information

Each officer (as defined) of the Company is required to report to the Securities and Exchange Commission, by a specified date, his or her initial statement or beneficial ownership of securities, even if no securities are beneficially owned. Mr. Craig L. Jones was appointed as Senior Vice President and Secretary on September 1, 1996, and through an administrative error did not file his initial statement of beneficial ownership of securities. This error was rectified on January 21, 1997. To the Partnership's knowledge, the Partnership has complied with all other filing requirements.

The Partnership mailed a summary quarterly report to unitholders on August 4, 1997. Such report contained incorrect amounts for "Revenues" and for "Selling and administration expenses" for both the three months ended June 30, 1997 and the six months ended June 30, 1997. The respective Revenues amounts for the three months and six months ended June 30, 1997 are $7,526,000 and $14,607,000. The respective Selling and administrative expenses for the three months and six months ended June 30, 1997 are $3,061,000 and $5,624,000, respectively. This 10-Q report contains correct numbers.

ITEM 6

Exhibits and Reports on Form 8-K

None.

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: August 14, 1997 By: POPE MGP, Inc.

Managing General Partner

Date: August 14, 1997 By:

Gary F. Tucker
President and Chief Executive Officer

Date: August 14, 1997 By:

Thomas M. Ringo
Sr. Vice President-Finance & Client Relations
(Principal Financial Officer)

Date: August 14, 1997 By:

Meredith R. Green
Treasurer/Controller
(Principal Accounting Officer)

5
1,000
6-MOS
DEC-31-1997
JAN-01-1997
JUN-30-1997
3,403
0
1,105
0
0
15,798
47,890
10,886
55,327
1,416
0
0
0
0
38,773
55,327
14,607
14,607
3,379
3,379
3,061
0
0
3,132
0
2,422
0
0
0
2,422
2.68
2.68