SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(MARK ONE)

{x} QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarter ended September 30, 1997

{ } TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transaction period from ______ to ________
COMMISSION FILE NUMBER 0-9592

LOMAK PETROLEUM, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	34-1312571
(State of incorporation)	(I.R.S. Employer Identification No.)
500 THROCKMORTON STREET, FT. WORTH, TEXAS	76102
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (817) 870-2601

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
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20,500,905 Common Shares were outstanding on November 5, 1997.

PART I. FINANCIAL INFORMATION

The financial statements included herein have been prepared in conformity with generally accepted accounting principles and should be read in conjunction with the December 31, 1996 Form 10-K filing. The statements are unaudited but reflect all adjustments which, in the opinion of management, are necessary to fairly present the Company's financial position and results of operations.

LOMAK PETROLEUM, INC.

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	December 31, 1996	September 30, 1997 (unaudited)
ASSETS		
Current assets		
Cash and equivalents	$ 8,625	$ 11,235
Accounts receivable	18,121	26,644
Marketable securities	7,658	4,714
Inventory and other	799	4,309
	35,203	46,902
Oil and gas properties, successful efforts method	279,975	730,959
Accumulated depletion	(53,102)	(86,976)
	226,873	643,983
Transportation, processing and field assets	21,139	85,509
Accumulated depreciation	(4,997)	(8,321)
	16,142	77,188
Investments and other	4,329	12,547
	$ 282,547	$ 780,620
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 14,433	$ 20,587
Accrued liabilities	4,603	12,590
Accrued payroll and benefit cost	3,245	3,015
Current portion of debt (Note 4)	26	25
	22,307	36,217
Senior debt (Note 4)	61,780	309,007
Senior subordinated notes (Note 4)	-	125,000
Convertible subordinated debentures (Note 4)	55,000	55,000
Deferred taxes (Note 10)	25,931	31,435
Commitments and contingencies (Note 6)	-	-
Stockholders' equity (Notes 7 and 8)		
Preferred stock, $1 par, 10,000,000 shares authorized, $2.03 convertible preferred, 1,150,000 issued (liquidation preference $28,750,000)	1,150	1,150
Common stock, $.01 par, 50,000,000 shares authorized, 14,750,537 and 20,432,421 issued	148	204
Capital in excess of par value	110,248	206,896
Retained earnings	5,291	13,864
Unrealized gain on marketable securities	692	1,847
	117,529	223,961
	$ 282,547	$ 780,620

SEE ACCOMPANYING NOTES.

LOMAK PETROLEUM, INC.

CONSOLIDATED STATEMENTS OF INCOME
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	1996	1997	1996	1997
	(unaudited)		(unaudited)	
Revenues				
Oil and gas sales	$16,623	$30,834	$ 49,878	$ 91,801
Transportation, processing and marketing	1,660	2,954	4,137	8,505
Interest and other	391	2,330	1,102	6,345
	18,674	36,118	55,117	106,651
Expenses				
Direct operating	5,136	8,012	15,598	23,296
Transportation, processing and marketing	493	1,049	1,206	2,631
Exploration	345	355	836	1,532
General and administrative	960	1,514	2,862	3,647
Interest	2,053	7,343	5,563	18,528
Depletion, depreciation and amortization	5,508	13,376	16,589	38,042
	14,495	31,649	42,654	87,676
Income before taxes	4,179	4,469	12,463	18,975
Income taxes				
Current	120	169	299	1,646
Deferred	1,340	1,491	4,061	5,589
	1,460	1,660	4,360	7,235
Net income	$ 2,719	$ 2,809	$ 8,103	$ 11,740
Earnings per common share	$ .14	$ .11	$ .43	$ .49
Weighted average shares outstanding	15,158	20,961	14,615	20,377

SEE ACCOMPANYING NOTES.

LOMAK PETROLEUM, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

	Nine Months Ended September 30, 1996	Nine Months Ended September 30, 1997
	(unaudited)	
Cash flows from operations:		
Net income	$ 8,103	$ 11,740
Adjustments to reconcile net income to net cash provided by operations:		
Depletion, depreciation and amortization	16,589	38,042
Amortization of deferred offering costs	-	593
Deferred taxes	4,061	5,589
Changes in working capital net of effects of purchases of businesses:		
Accounts receivable	(264)	(10,973)
Marketable securities	(12,342)	(2,425)
Inventory and other	(659)	(3,595)
Accounts payable	7,703	6,020
Accrued liabilities	1,868	7,389
Gain on sale of assets and other	(724)	(4,957)
Net cash provided by operations	24,335	47,423
Cash flows from investing:		
Acquisition of businesses, net of cash	(13,950)	-
Oil and gas properties	(55,491)	(425,462)
Additions to property and equipment	(723)	(64,488)
Proceeds on sale of assets	3,399	13,096
Net cash used in investing	(66,765)	(476,854)
Cash flows from financing:		
Proceeds from indebtedness	38,870	502,517
Repayments of indebtedness	(53)	(134,015)
Preferred stock dividends	(1,870)	(1,751)
Common stock dividends	(565)	(1,416)
Proceeds from common stock issuance	8,017	66,720
Repurchase of common stock	(136)	(14)
Net cash provided by financing	44,263	432,041
Change in cash	1,833	2,610
Cash and equivalents at beginning of period	3,047	8,625
Cash and equivalents at end of period	$ 4,880	$ 11,235
Supplemental disclosures of non-cash investing and financing activities:		
Purchase of property and equipment financed with common stock	$ -	$ 30,000
Common stock issued in connection with benefit plans	381	225

SEE ACCOMPANYING NOTES.

LOMAK PETROLEUM, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(1) ORGANIZATION:

Lomak Petroleum, Inc. ("Lomak" or the "Company") is an independent energy company engaged in development, exploration and acquisitions primarily in the Midcontinent, Gulf Coast and Appalachia regions. Historically, the Company has increased its reserves and production through acquisitions, development and exploration of its properties. Since January 1, 1991, the Company has made 65 acquisitions for an aggregate purchase price of $729 million and has spent $72 million on development and exploration activities. At December 31, 1996, pro forma for acquisitions completed through September 30, 1997, proved reserves totaled 838 Bcfe, having a pre-tax present value at constant prices on that date of $1.1 billion and reserve life of approximately 15 years.

In January 1997, the Company acquired oil and gas properties from American Cometra, Inc. (the "Cometra Acquisition") for $385 million. The Company financed the Cometra Acquisition through borrowings under its bank facility and the issuance of a $134 million note to Cometra. This note was repaid in March 1997. The Cometra Acquisition increased the Company's pro forma proved reserves at December 31, 1996 by 68% to 644 Bcfe. This transaction is more fully described in Note (3) Acquisitions.

In September 1997, the Company acquired certain Appalachian natural gas properties from Cabot Oil & Gas Corporation (the "Cabot Properties") for a purchase price of $92.5 million. The Company financed the acquisition of the Cabot Properties through borrowings under its bank facility. Independent petroleum consultants estimate that, as of December 31, 1996, the Cabot Properties contained proved reserves of 193 Bcf of natural gas equivalents. This transaction is more fully described in Note (3) Acquisitions.

Lomak's objective is to maximize shareholder value through growth in its reserves, production, cash flow and earnings through a balanced program of development, exploration and acquisition. In pursuing this strategy, the Company has concentrated its activities in selected geographic areas. In each core area, the Company has established separate operating, engineering, geology, marketing, acquisition and other technical expertise. The Company believes that this geographic focus provides it with a competitive advantage in sourcing and evaluating new business opportunities within these areas, as well as providing economies of scale in operating and developing its properties.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF PRESENTATION

The accompanying financial statements include the accounts of the Company, all majority owned subsidiaries and its pro rata share of the assets, liabilities, income and expenses of certain oil and gas partnerships and joint ventures. Highly liquid temporary investments with an initial maturity of ninety days or less are considered cash equivalents.

OIL AND GAS PROPERTIES

The Company follows the successful efforts method of accounting for oil and gas properties. Exploratory costs which result in the discovery of reserves and the cost of development wells are capitalized. Geological and geophysical costs, delay rentals and costs to drill unsuccessful exploratory wells are expensed. Depletion is provided on the unit-of-production method. Oil is converted to Mcfe at the rate of six Mcf per barrel. Depletion rates per Mcfe were $0.73 and $0.98 in the third quarters of 1996 and 1997, respectively. Approximately $20.3 million and $117.1 million of oil and gas properties were not subject to depletion as of December 31, 1996 and September 30, 1997, respectively.

The Company has adopted Statement of Financial Accounting Standards No. 121 "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," which establishes accounting standards for the impairment of long-lived assets, certain identifiable intangibles and goodwill. SFAS No. 121 requires a review for impairment whenever circumstances indicate that the carrying amount of an asset may not be recoverable. In performing the review for recoverability, the Company would estimate future cash flows (undiscounted and without interest charges) expected to result from the use of an asset and its eventual disposition. Impairment is recognized only if the carrying amount of an asset is greater than its expected future cash flows. The amount of the impairment is based on the estimated fair value of the asset. The adoption of SFAS No. 121 had no impact on the Company.

GAS IMBALANCES

The Company uses the sales method to account for gas imbalances. Under the sales method, revenue is recognized based on cash received rather than the proportionate share of gas produced. Gas imbalances at December 31, 1996 and September 30, 1997 were not material.

TRANSPORTATION, PROCESSING AND FIELD ASSETS

The Company owns and operates over 2,800 miles of gas gathering systems and gas processing plants in proximity to its principal gas properties. Depreciation is calculated on the straight-line method based on estimated useful lives ranging from four to twenty years.

The Company receives fees for providing field related services. These fees are recognized as earned. Depreciation is calculated on the straight-line method based on estimated useful lives ranging from one to five years, except buildings which are being depreciated over ten to fifteen year periods.

During 1996, the majority of the Company's brine disposal and well servicing activities were based in Oklahoma. In December 1996, the Company sold its Oklahoma brine disposal and well servicing activities.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NATURE OF BUSINESS

The Company operates in an environment with many financial and operating risks, including, but not limited to, the ability to acquire additional economically recoverable oil and gas reserves, the inherent risks of the search for, development of and production of oil and gas, the ability to sell oil and gas at prices which will provide attractive rates of return, and the highly competitive nature of the industry and worldwide economic conditions. The Company's ability to expand its reserve base and diversify its operations is also dependent upon the Company's ability to obtain the necessary capital through operating cash flow, borrowings or the issuance of additional equity.

MARKETABLE SECURITIES

The Company has adopted Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities." Under Statement No. 115, debt and marketable equity securities are required to be classified in one of three categories: trading, available-for-sale, or held to maturity. The Company's equity securities qualify under the provisions of Statement No. 115 as available-for-sale. Such securities are recorded at fair value, and unrealized holding gains and losses, net of the related tax effect, are reflected as a separate component of stockholders' equity. A decline in the market value of an available-for-sale security below cost that is deemed other than temporary is charged to earnings and results in the establishment of a new cost basis for the security. Realized gains and losses are determined on the specific identification method and are reflected in income. At September 30, 1997, the Company had $7.4 million of marketable securities included in Investments and Other Assets.

DEBT ISSUANCE COSTS

Expenses associated with the issuance of the 6% Convertible Subordinated Debentures due 2007 and the 8.75% Senior Subordinated Notes due 2007 are included in Investment and Other Assets on the accompanying balance sheet and are being amortized on the interest method over the term of the indebtedness.

EARNINGS PER SHARE

Net income per share is computed by subtracting preferred dividends from net income and dividing by the weighted average number of common and common equivalent shares outstanding. The calculation of fully diluted earnings per share assumes conversion of convertible securities when the result would be dilutive. Outstanding options and warrants are included in the computation of net income per common share when their effect is dilutive.

In February 1997, the Financial Accounting Standards Board issued SFAS No. 128 "Earnings per Share." This statement requires the Company to disclose earnings per share information with respect to its issued common stock or potential common stock to be issued with respect to the conversion of its Convertible Subordinated Debentures and Preferred Stock. The Company will adopt this standard at year end and expects that it will have no material impact on its financial statements.

RECLASSIFICATIONS

Certain reclassifications have been made to prior period numbers to conform with the current period presentation.

(3) ACQUISITIONS:

All of the Company's acquisitions have been accounted for as purchases. The purchase prices were allocated to the assets acquired based on the fair value of such assets and liabilities at the respective acquisition dates. The acquisitions were funded by working capital, advances under a revolving credit facility and the issuance of equity.

In the first quarter of 1997, the Company acquired oil and gas properties located in West Texas, South Texas and the Gulf of Mexico (the "Cometra Properties") from American Cometra, Inc. ("Cometra") for $385 million. The Cometra Properties, located primarily in the Company's core operating areas, include 515 producing wells and additional development and exploration potential on approximately 150,000 gross acres (90,000 net acres). In addition, the Cometra Properties include gas pipelines, a 25,000 Mcf/d gas processing plant and an above-market gas contract with a gas utility covering approximately 30% of the current production from the Cometra Properties. The gas utility filed an action concerning the above-market gas contract which is discussed in Note 6 Commitments and Contingencies.

In September 1997, the Company acquired the Cabot Properties for a purchase price of $92.5 million. The Cabot Properties are located in certain of the Company's core operating areas and include 912 producing wells, 800 miles of gas gathering lines and leasehold acreage covering 153,000 gross acres (146,000 net acres). The acquired reserves were 80% developed and 95% operated on a pre-tax present value basis as of December 31, 1996. The Cabot properties have access to a number of major interstate pipelines and industrial end-users. In addition to the Cometra and Cabot Properties acquisitions, the Company acquired other interests for an aggregate consideration of $5.9 million during the nine month period ended September 30, 1997.

During 1996, the Company acquired oil and gas properties, equipment and acreage from Bannon Energy, Incorporated for approximately $37.0 million and acquired Eastern Petroleum Company for approximately $13.7 million. The Bannon interests included 270 producing properties located in Texas, Oklahoma, New Mexico and Wyoming. Eastern Petroleum Company owned interests in oil and gas properties, equipment and acreage in Ohio. In addition, the Company acquired other interests for an aggregate consideration of $12.9 million of consideration during the year.

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following table presents unaudited pro forma operating results as if certain transactions had occurred at the beginning of each period presented. The pro forma operating results include the following transactions: (i) the purchase by the Company of certain oil and gas properties from American Cometra Inc., Cabot Oil & Gas Corporation and Bannon Energy Incorporated, (ii) the conversion of the 7 1/2% Convertible Exchangeable Preferred Stock into Lomak Common Stock, (iii) the private placements of 600,000 shares of Lomak Common Stock and $55 million of 6% Convertible Subordinated Debentures due 2007 and the application of the net proceeds therefrom, (iv) the sale of approximately 4 million shares of Common Stock and the application of the net proceeds therefrom, (v) the sale of $125 million of 8.75% Senior Subordinated Notes due 2007 and the application of the net proceeds therefrom and (vi) the sale of $120 million of 5 3/4% Trust Convertible Preferred Securities in October 1997 and the application of the net proceeds therefrom. All acquisitions were accounted for as purchase transactions.

	Nine Months Ended September 30,	
	1996	1997
	(in thousands except per share data)	
Revenues	$ 129,377	$ 118,017
Net income	15,290	13,129
Earnings per share	.67	.52
Total assets	771,452	784,720
Stockholders' equity	206,966	223,961

The pro forma operating results have been prepared for comparative purposes only. They do not purport to present actual operating results that would have been achieved had the acquisitions and financings been made at the beginning of each period presented or to necessarily be indicative of future results.

(4) INDEBTEDNESS:

The Company had the following debt outstanding as of the dates shown. Interest rates at September 30, 1997 are shown parenthetically (in thousands):

	December 31, 1996	September 30, 1997
Bank facility (6.6%)	$ 61,355	$ 308,600
Other (6.9%)	451	432
	61,806	309,032
Less amounts due within one year	26	25
Senior debt, net	$ 61,780	$ 309,007
8.75% Senior Subordinated Notes due 2007	$ -	$ 125,000
6% Convertible Subordinated Debentures due 2007	55,000	55,000
Subordinated debt, net	$ 55,000	$ 180,000

The Company maintains a $400 million revolving bank facility (the "Bank Facility" or "Credit Agreement"). The facility provides for a borrowing base which is subject to semi-annual redeterminations. On October 1997, the Company completed an offering of $120 million of trust convertible preferred securities for of $120 million. The net proceeds of $115.9 million from the offering were used to repay a portion of the Company's credit facility. As a result, at October 31, 1997, the borrowing base on the credit facility was $325 million of which $139.3 million was available to be drawn. The facility bears interest at prime rate or LIBOR plus 0.625% to 1.125% depending upon the percentage of the borrowing base drawn. Interest is payable quarterly and the loan matures in February 2002. A commitment fee is paid quarterly on the undrawn balance at a rate of .25% to .375% depending upon the percentage of the borrowing base not drawn. It is the Company's policy to extend the term period of the credit facility annually. The weighted average interest rate on these borrowings were 6.7% and 6.6% for the three months ended September 30, 1996 and 1997, respectively.

The 8.75% Senior Subordinated Notes due 2007 (the "8.75% Notes") are not redeemable prior to January 15, 2002. Thereafter, the 8.75% Notes will be subject to redemption at the option of the Company, in whole or in part, at redemption prices beginning at 104.375% of the principal amount and declining to 100% in 2005. The 8.75% Notes are unsecured general obligations of the Company and are subordinated to all senior debt (as defined) of the Company which includes borrowings under the bank facility. The 8.75% Notes are guaranteed on a senior subordinated basis by all of the subsidiaries of the Company and each guarantor is a wholly owned subsidiary of the Company. The guarantees are full, unconditional and joint and several. Separate financial statements of each guarantor are not presented because they are included in the consolidated financial statements of the Company and management has concluded that their disclosure provides no additional benefits.

The 6% Convertible Subordinated Debentures Due 2007 (the "Debentures") are convertible into shares of the Company's Common Stock at the option of the holder at any time prior to maturity. The Debentures are convertible at a conversion price of $19.25 per share, subject to adjustment in certain events. Interest is payable semi-annually. The Debentures will mature in 2007 and are not redeemable prior to February 1, 2000. The Debentures are unsecured general obligations of the Company subordinated to all senior indebtedness (as defined) of the Company, which includes the 8.75% Notes and the bank credit facility.

The debt agreements contain various covenants relating to net worth, working capital maintenance and financial ratio requirements. The Company is in compliance with these various covenants as of September 30, 1997. Interest paid during the nine months ended September 30, 1996 and 1997 totaled $4.1 million and $15.4 million, respectively.

(5) FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES:

The Company's financial instruments include cash and equivalents, accounts receivable, accounts payable, debt obligations, commodity and interest rate futures, options, and swaps. The book value of cash and equivalents, accounts receivable and payable and short term debt are considered to be representative of fair value because of the short maturity of these instruments. The Company believes that the carrying value of its borrowings under its bank credit facility approximates their fair value as they bear interest at rates indexed to LIBOR. The Company's accounts receivable are concentrated in the oil and gas industry. The Company does not view such a concentration as an unusual credit risk.

A portion of the Company's future crude oil and natural gas sales are periodically hedged against price risks through the use of futures, option or swap contracts. The gains and losses on these instruments are included in the valuation of the production being hedged in the contract month and are included as an adjustment to oil and gas revenue. The Company also manages interest rate risk on its credit facility through the use of interest rate swap agreements. Gains and losses on swap agreements are included as an adjustment to interest expense.

The following table sets forth the book value and estimated fair values of the Company's financial instruments:

	December 31, 1996		September 30, 1997	
	(In thousands)			
	Book Value	Fair Value	Book Value	Fair Value
Cash and equivalents....................	$ 8,625	$ 8,625	$ 11,235	$11,235
Marketable securities...................	6,966	7,658	2,867	4,714
Long-term debt..........................	(116,806)	(116,806)	(489,007)	(489,007)
Commodity swaps.........................	-	(1,051)	-	(903)
Interest rate swaps.....................	-	81	-	(17)

The gains or losses on the Company's hedging transactions are determined as the difference between the contract price and the reference price, generally closing prices on the New York Mercantile Exchange. The resulting transaction gains and losses are determined monthly and are included in net income in the period the hedged production or inventory is sold. At September 30, 1997, the Company had open hedging contracts covering an average of 46,200 Mmbtu of gas per day for the period October 1997 through March 1998. These contracts are at prices ranging from $2.41 to $3.53 per Mmbtu. Net losses relating to these derivatives for the nine months ended September 30, 1996 and 1997 approximated $123,000 and $418,000, respectively.

Interest rate swap agreements, which are used by the Company in the management of interest rate exposure, are accounted for on the accrual basis. Income and expense resulting from these agreements are recorded in the same category as expense arising from the related liability. Amounts to be paid or received under interest rate swap agreements are recognized as an adjustment to expense in the periods in which they accrue. At September 30, 1997, the Company had $60 million of borrowings subject to three interest rate swap agreements at rates of 5.49%, 5.64% and 5.71% through October 1997, October 1998, and September 1999, respectively. An interest rate swap agreement, covering $20 million of borrowings at a rate of 5.49%, was extinguished in October 1997 at the option of the counterparty. In October 1997, the

Company entered into a $20 million interest rate swap agreement at a rate of 5.59% through October 1999. The interest rate swaps may be extended at the counterparties' option for two years. The agreements require that the Company pay the counterparty interest at the above fixed swap rates and requires the counterparty to pay the Company interest at the 30-day LIBOR rate. The closing 30-day LIBOR rate on September 30, 1997 was 5.66%. The fair value of the interest rate swap agreements at September 30, 1997 is based upon current quotes for equivalent agreements.

These hedging activities are conducted with major financial or commodities trading institutions which management believes entail acceptable levels of market and credit risks. At times such risks may be concentrated with certain counterparties or groups of counterparties. The credit worthiness of counterparties is subject to continuing review and full performance is anticipated.

(6) COMMITMENTS AND CONTINGENCIES:

The Company is involved in various legal actions and claims arising in the ordinary course of business. In the opinion of management, such litigation and claims are likely to be resolved without material adverse effect on the Company's financial position.

In April 1997, an action was filed by an individual in United States District Court in the Western District of Oklahoma seeking $550,000 in cash plus 100,000 shares of Red Eagle Resources Corporation Common Stock (approximately 87,000 shares of the Company's Common Stock). The individual claims he is entitled to fees from the Company based upon a Yemen oil concession that he claims Red Eagle Resources Corporation received in 1992, which was prior to the acquisition of Red Eagle by the Company. Based upon the Company's examination of the available documentation relevant to such claim, the Company believes that the claim is without merit because the oil concession was never obtained. The Company is vigorously defending this action, and as stated above, believes the action is without merit. A separate claim for approximately $2.0 million with respect to the alleged Yemen oil concession was received in January 1997. Since that date, no further action has been taken and the Company believes the claim is without merit.

In July 1997, a gas utility filed a petition for declaratory judgment in United States District Court in Tarrant County, Texas. The petition for declaratory judgment asked the court to declare its purchase obligation under a gas contract be limited to a quantity of gas equal to 80% of the Company's delivery capacity, as defined, or 20,000 Mcf of gas per day, whichever is the lesser amount. The Company is vigorously defending this action.

(7) EQUITY AND TRUST SECURITIES:

On October 16, 1997, Lomak, through a newly-formed affiliate Lomak Financing Trust, (the "Trust") completed the issuance of $120 million of 5 3/4% trust convertible preferred securities (the "Convertible Preferred Securities"). The Trust issued 2,400,000 shares of the Convertible Preferred Securities at $50 per share. Each Convertible Preferred Security is convertible at the holder's option into 2.1277 shares of Common Stock, representing a conversion price of $23.50 per share.

The Trust invested the $120 million of proceeds in 5 3/4% convertible junior subordinated debentures issued by Lomak (the "Junior Debentures"). In turn, Lomak used the net proceeds from the issuance of the Junior Convertible Debentures to repay a portion of its credit facility. The sole assets of the Trust are the Debentures. The Debentures and the related Convertible Preferred Securities mature on November 1, 2027. Lomak and Lomak Financing Trust may redeem the Junior Debentures and the Convertible Preferred Securities, respectively, in whole or in part, on or after November 4, 2000. For the first twelve months thereafter, redemptions may be made at 104.025% of the principal amount. This premium declines proportionally every twelve months until November 1, 2007, when the redemption price becomes fixed at 100% of the principal amount. If Lomak redeems any Junior Debentures prior to the scheduled maturity date, the Trust must redeem Convertible Preferred Securities having an aggregate liquidation amount equal to the aggregate principal amount of the Junior Debentures so redeemed.

Lomak has guaranteed the payments of distributions and other payments on the Convertible Preferred Securities only if and to the extent that the Trust has funds available. Such guarantee, when taken together with Lomak's obligations under the Junior Debentures and related indenture and declaration of trust, provide a full and unconditional guarantee of amounts due on the Convertible Preferred Securities.

Lomak owns all the common securities of the Trust. As such, the accounts of the Trust will be included in Lomak's consolidated financial statements after appropriate eliminations of intercompany balances. The distributions on the Convertible Preferred Securities will be recorded as a charge to interest expense on Lomak's consolidated statements of income, and such distributions are deductible by Lomak for income tax purposes.

The following table sets forth the capitalization of the Company at September 30, 1997 and as adjusted to give effect to the issuance of the Convertible Preferred Securities and the application of the proceeds therefrom.

	September 30, 1997	
	Actual	As Adjusted
	(unaudited) (in thousands)	
Current portion of long-term debt	$ 25	$ 25
Long-term debt:		
Revolving credit facility	$308,600	$192,700
8.75% Senior Subordinated Notes	125,000	125,000
6% Convertible Subordinated Debentures	55,000	55,000
Other long-term debt	407	407
Total long term debt	489,007	373,107
Company-obligated Preferred Securities of Subsidiary Trust	-	120,000
Stockholders' equity:		
Preferred Stock, $1 par value 10,000,000 shares authorized:		
$2.03 Convertible Preferred Stock, 1,150,000 shares issued ($28,750,000 liquidation preference)	1,150	1,150
Lomak Common Stock, $01 par value 50,000,000 shares authorized: 20,336,249 issued and outstanding	204	204
Capital in excess of par value	206,896	206,896
Retained earnings	13,864	13,864
Unrealized gain on marketable securities	1,847	1,847
Total stockholders' equity	223,961	223,961
Total capitalization	$712,968	$717,068

In November 1995, the Company issued 1,150,000 shares of $2.03 convertible exchangeable preferred stock (the "$2.03 Preferred Stock") for $28.8 million. The $2.03 Preferred Stock is convertible into the Company's common stock at a conversion price of $9.50 per share, subject to adjustment in certain events. The $2.03 Preferred Stock is redeemable, at the option of the Company, at any time on or after November 1, 1998, at redemption prices beginning at 105%. At the option of the Company, the $2.03 Preferred Stock is exchangeable for the Company's 8-1/8% Convertible Subordinated Notes due 2005. The notes would be subject to the same redemption and conversion terms as the $2.03 Preferred Stock.

In March 1997, the Company sold 4 million shares of common stock in a public offering for $68 million. Warrants to acquire 20,000 shares of common stock at a price of $12.88 per share were exercised in May 1997. At September 30, 1997 the Company has no outstanding warrants.

(8) STOCK OPTION AND PURCHASE PLAN:

The Company maintains a Stock Option Plan which authorizes the grant of options of up to 3.0 million shares of Common Stock. However, no new options may be granted which would result in there being outstanding aggregate options exceeding 10% of common shares outstanding plus those shares issuable under convertible securities. Under the plan, incentive and non-qualified options may be issued to officers, key employees and consultants. The plan is administered by the Compensation Committee of the Board. All options issued under the plan vest 30% after one year, 60% after two years and 100% after three years. During the nine months ended September 30, 1997, options covering 102,600 shares were exercised at prices ranging from $5.12 to $10.50 per share. At September 30, 1997, options covering a total of 1.5 million shares were outstanding under the plan, of which 693,000 options were exercisable. The exercise prices of the outstanding options range from $3.38 to $18.00 per share.

In 1994, the stockholders approved the 1994 Outside Directors Stock Option Plan (the "Directors Plan"). Only Directors who are not employees of the Company are eligible under the Directors Plan. The Directors Plan covers a maximum of 200,000 shares. At September 30, 1997, 108,000 options were outstanding under the Directors Plan of which 40,800 were exercisable as of that date. The exercise price of the options ranges from $7.75 to $16.875 per share.

In June 1997, the stockholders approved the 1997 Stock Purchase Plan (the "1997 Plan") which authorizes the sale of up to 500,000 shares of common stock to officers, directors, key employees and consultants. Under the Plan, the right to purchase shares at prices ranging from 50% to 85% of market value may be granted. The Company previously had stock purchase plans which covered 833,333 shares. The previous stock purchase plans have been terminated. The plans are administered by the Compensation Committee of the Board. During the nine months ended September 30, 1997, officers, key employees and outside directors purchased 113.400 unregistered common shares from the Company for total consideration of $1.4 million. From inception through September 30, 1997, a total of 453,000 unregistered shares had been sold through stock purchase plans, for a total consideration of approximately $3.7 million.

(9) BENEFIT PLAN:

The Company maintains a 401(K) Plan for the benefit of its employees. The Plan permits employees to make contributions on a pre-tax salary reduction basis. The Company makes discretionary contributions to the Plan. Company contributions for 1996 totaled $548,000.

(10) INCOME TAXES:

The Company has entered into several business combinations accounted for as purchases. In connection with these transactions, deferred tax assets and liabilities of $7.7 million and $23.8 million respectively, were recorded. In 1996 the Company acquired Eastern Petroleum Company in a taxable business combination accounted for as a purchase. A net deferred tax liability of $2.1 million was recorded in the transaction.

For the nine months ended September 30, 1996 and 1997, the Company made a provision for federal and state income taxes of $4.4 million and $7.2 million, respectively. The effective tax rate has increased during 1997 due to limitations on the utilization of net operating loss carryovers. At September 30, 1997, the Company had available for federal income tax reporting purposes net operating loss carryovers of approximately $7.5 million which are subject to annual limitations as to their utilization and expire between 1997 and 2010. The Company has alternative minimum tax net operating loss carryovers of $6.6 million which are subject to annual limitations as to their utilization and expire 1997 to 2009. The Company has statutory depletion carryover of approximately $3.2 million and an alternative minimum tax credit carryover of $500,000. The statutory depletion carryover and alternative minimum tax credit carryover are not subject to limitations or expiration.

(11) MAJOR CUSTOMERS:

The Company markets its oil and gas production on a competitive basis. The type of contract under which gas production is sold varies but can generally be grouped into three categories: (a) life-of-the-well (3%); (b) long-term (1 to 5 years) (51%); and (c) short-term contracts which may have a primary term of one year, but which are cancelable at either party's discretion in 30-120 days (46%). Approximately 58% of the Company's gas production is currently sold under market sensitive contracts which do not contain floor price provisions. For the nine months ended September 30, 1997, no one customer accounted for more than 10% of the Company's total oil and gas revenues. Oil is sold on a basis such that the purchaser can be changed on 30 days notice. The price received is generally equal to a posted price set by the major purchasers in the area. Oil is sold on a basis of price and service.

(12) OIL AND GAS ACTIVITIES:

The following summarizes selected information with respect to oil and gas activities (in thousands):

	December 31, 1996	September 30, 1997 (unaudited)
Oil and gas properties:		
Subject to depletion	$ 259,681	$ 613,813
Not subject to depletion	20,294	117,146
Total	279,975	730,959
Accumulated depletion	(53,102)	(86,976)
Net oil and gas properties	$ 226,873	$ 643,983

	Year Ended December 31, 1996	Nine Months Ended September 30, 1997
Costs incurred:		
Acquisition	$ 63,579	$ 422,527
Development	12,536	33,980
Exploration	2,025	1,325
Total costs incurred	$ 78,140	$ 457,832

MANAGEMENT'S DISCUSSION AND ANALYSIS
OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FACTORS AFFECTING FINANCIAL CONDITION AND LIQUIDITY

LIQUIDITY AND CAPITAL RESOURCES

General

Total assets at September 30, 1997 were $781 million. Approximately $308.6 million of the long-term debt at that date was comprised of borrowings under the Credit Agreement, $125 million of 8.75% Senior Subordinated Notes, $55 million of 6% Convertible Subordinated Debentures and $0.4 million of other indebtedness. The Credit Agreement currently provides for quarterly payments of interest with principal due in February 2002.

Common Stock and Note Offerings

On March 14, 1997, the Company completed offerings of 4,060,000 shares of Common Stock (the "Common Offering") and $125 million of 8.75% Senior Subordinated Notes due 2007 (the "Notes Offering") (collectively the "Offerings"). The 8.75% Notes are unconditionally guaranteed on an unsecured, senior subordinated basis, by each of the Company's Restricted Subsidiaries (as defined in the Indenture for the 8.75% Notes), provided that such guarantees will terminate under certain circumstances. The Indenture for the 8.75% Notes contains certain covenants, including, but not limited to, covenants with respect to the following matters: (i) limitation on restricted payments; (ii) limitation on the incurrence of indebtedness and issuance of Disqualified Stock (as defined in the Indenture for the Notes); (iii) limitation on liens; (iv) limitation on disposition of proceeds of asset sales; (v) limitation on transactions with affiliates; (vi) limitation on dividends and other payment restrictions affecting restricted subsidiaries; (vii) restrictions on mergers, consolidations and transfers of assets; and (viii) limitation on "layering" indebtedness.

Convertible Preferred Securities

In October 1997, the Company completed a private offering of 2,400,000 trust convertible preferred securities for a total of $120 million. The proceeds from the offering were used to repay a portion of the credit facility, increasing the Company's borrowing capacity under the credit facility to approximately $139 million. At September 30, 1997 pro forma capitalization of the Company giving effect to the Convertible Preferred Securities private placement totaled $699 million, and the Company's total debt to capitalization would have been 52%. This transaction is more fully described in Note (7) Equity and Trust Securities.

Cash Flow

The Company's principal operating sources of cash include sales of oil and gas and revenues from gas transportation, processing and marketing. The Company's cash flow is highly dependent upon oil and gas prices. Decreases in the market price of oil or gas could result in reductions of both cash flow and the borrowing base under the Credit Agreement which would result in decreased funds available, including funds intended for planned capital expenditures.

The Company's net cash provided by operations for the nine months ended September 30, 1996 and 1997 was $24.3 million and $47.4 million, respectively. The increases in the Company's cash flow from operations can be attributed to its growth primarily through acquisitions and development.

The Company's net cash used in investing for the nine months ended September 30, 1996 and 1997 was $66.8 million and $476.9 million, respectively. Investing activities for these periods are comprised primarily of additions to oil and gas properties through acquisitions and development and, to a lesser extent, exploitation and additions of field assets. These uses of cash have historically been partially offset through the Company's policy of divesting those properties that it deems to be marginal or outside of its core areas of operation. The Company's acquisition and drilling activities have been financed through a combination of operating cash flow, bank borrowings and capital raised through equity and debt offerings.

The Company's net cash provided by financing for the nine months ended September 30, 1996 and 1997 was $44.3 million and $432.0 million, respectively. Sources of financing used by the Company during the most recent nine month period were borrowings under its Credit Agreement and capital raised through the Offerings.

Capital Requirements

During the nine months ended September 30, 1997, $34.0 million and $1.3 million of costs were incurred for development and exploration activities, respectively. The Company is currently projecting that it will spend approximately $200 million on development, exploitation and exploration activities during the next three years. The Company anticipates that approximately $45 million will be spent for exploitation and exploration during that three year period. Although these expenditures are principally discretionary, development and exploration expenditures are currently expected to consume roughly 70% of internally generated cash flows. The remaining internally generated cash flows will be available for debt repayment, acquisitions, or other capital expenditures.

Credit Agreement

In connection with the Cometra Acquisition, the Company and its subsidiaries expanded the existing bank credit facility. The Credit Agreement permits the Company to obtain revolving credit loans and to issue letters of credit for the account of the Company from time to time in an aggregate amount not to exceed $400 million. The Borrowing Base is currently $325 million and is subject to semi-annual determination and certain other redeterminations based upon a variety of factors, including the discounted present value of estimated future net cash flow from oil and gas production. At the Company's option, loans may be prepaid, and revolving credit commitments may be reduced, in whole or in part at any time in certain minimum amounts.

At the Company's option, the applicable interest rate per annum is the LIBOR plus a margin ranging from 0.625% to 1.125%. The facility contains other alternative rate options which have never been utilized by the Company. Based on levels of debt outstanding as of September 30, 1997 the margin was 1.125%.

Hedging Activities

Periodically, the Company enters into futures, option and swap contracts to reduce the effects of fluctuations in crude oil and natural gas prices. At September 30, 1997, the Company had open hedging contracts covering an average of 46,200 Mmbtu of gas per day for the period October 1997 through March 1998. These contracts are at prices ranging from $2.41 to $3.53 per Mmbtu. The gains or losses on the Company's hedging transactions are determined as the difference between the contract price and a reference price, generally closing prices on the NYMEX. The resulting transaction gains and losses are determined monthly and are included in the period the hedged production or inventory is sold. Net losses relating to these derivatives for the nine months ended September 30, 1996 and 1997, approximated $123,000 and $418,000 respectively.

INFLATION AND CHANGES IN PRICES

The Company's revenues and the value of its oil and gas properties have been and will be affected by changes in oil and gas prices. The Company's ability to maintain current borrowing capacity and to obtain additional capital on attractive terms is also substantially dependent on oil and gas prices. Oil and gas prices are subject to significant seasonal and other fluctuations that are beyond the Company's ability to control or predict. During the first nine months of 1997, the Company received an average of $18.44 per barrel of oil and $2.54 per Mcf of gas. Although certain of the Company's costs and expenses are affected by the level of inflation, inflation did not have a significant effect during the first nine months of 1997.

RESULTS OF OPERATIONS

Comparison of 1997 to 1996

The Company reported net income for the three months ended September 30, 1997 of $2.8 million, a 3% increase from the third quarter of 1996. The increase was primarily the result of higher production levels and product prices. Oil and gas revenues increased 85% in the third quarter of 1997 due to production volume and price increases. Production volumes increased 81% from 75,100 Mcfe/d in 1996 to 135,700 Mcfe/d in 1997. The average price received increased 3% from $2.40 per Mcfe in 1996 to $2.47 per Mcfe in 1997. The average oil price decreased 17% to $17.33 per barrel while average gas prices increased 15% to $2.44 per Mcf. As a result of the Company's larger base of producing properties and production, oil and gas production expenses increased 56% to $8.0 million in 1997 versus $5.1 million in 1996. The average operating cost per Mcfe produced decreased 14% from $0.74 in the first nine months of 1996 to $0.64 in 1997 primarily due to lower operating costs on the Cometra properties.

Transportation, processing and marketing revenues increased 78% to $3.0 million versus $1.7 million in 1996 principally due to the pipelines and gas processing acquired in the Cometra Acquisition. Transportation, processing and marketing expenses increased 113% to $1.0 million versus $0.5 million in 1996. The increase in expenses was due to production growth, as well as the increase in transportation, processing and marketing expense and higher personnel administrative costs associated with the growth in gas marketing resulting from the Cometra Acquisition.

Exploration expense increased 3% to $0.4 million due to the timing of exploration expenditures.

General and administrative expenses increased 58% from $1.0 million in 1996 to $1.5 million in 1997. As a percentage of revenues, general and administrative expenses were 4% in 1997 as compared to 5% in 1996. This decreasing trend reflects the spreading of administrative costs over a growing asset base.

Interest and other income increased from $0.4 million in 1996 to $2.3 million in 1997 primarily due to gains from the sale of marketable securities and certain non-strategic assets. In 1997 interest expense increased 258% to $7.3 million as compared to $2.1 million in 1996. This was primarily a result of the higher average outstanding debt balance during the year due to the financing of acquisitions and capital expenditures. The average outstanding balances on the Credit Agreement were $107 million and $207 million for 1996 and the three months ended September 30, 1997, respectively. The weighted average interest rate on these borrowings was 6.7% and 6.6% for the three month periods ended September 30, 1996 and 1997, respectively.

Depletion, depreciation and amortization increased 143% compared to 1996 as a result of increased production volumes and a higher average depletion rate. The Company-wide depletion rate was $0.73 per Mcfe in the third quarter of 1996 and $0.98 per Mcfe in the third quarter of 1997.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company is involved in various legal actions and claims arising in the ordinary course of business. In the opinion of management, such litigation and claims are likely to be resolved without material adverse effect on the Company's financial position.

In April 1997, an action was filed by an individual in United States District Court in the Western District of Oklahoma seeking $550,000 in cash plus 100,000 shares of Red Eagle Resources Corporation Common Stock (approximately 87,000 shares of the Company's Common Stock). The individual claims he is entitled to fees from the Company based upon a Yemen oil concession that he claims Red Eagle Resources Corporation received in 1992, which was prior to the acquisition of Red Eagle by the Company. Based upon the Company's examination of the available documentation relevant to such claim, the Company believes that the claim is without merit because the oil concession was never obtained. The Company is vigorously defending this action, and as stated above, believes the action is without merit. A separate claim for approximately $2.0 million with respect to the alleged Yemen oil concession was received in January 1997. Since that date, no further action has been taken and the Company believes the claim is without merit.

In July 1997, a gas utility filed a petition for declaratory judgment in United States District Court in Tarrant County, Texas. The petition for declaratory judgment asked the court to declare its purchase obligation under a gas contract be limited to a quantity of gas equal to 80% of the Company's delivery capacity, as defined, or 20,000 Mcf of gas per day, whichever is the lesser amount. The Company is vigorously defending this action.

Items 2 - 5. Not applicable

Item 6. Exhibits and Report on Form 8-K

(a) Exhibits

11.1 Statement re: computation of per share earnings for the three months ended September 30, 1996 and 1997, filed herewith.

11.2 Statement re: computation of per share earnings for the nine months ended September 30, 1996 and 1997, filed herewith.

27 Financial data schedule

(b) Reports on Form 8-K

Current report on Form 8-K, dated February 27, 1997 and form 8K/A dated March 14, 1997 regarding the acquisition of oil and gas properties.

SIGNATURES

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

LOMAK PETROLEUM, INC.

By: (Thomas W. Stoelk)

Thomas W. Stoelk
Senior Vice President
Finance & Administration
Chief Financial Officer

November 14, 1997

EXHIBIT INDEX

Exhibit Number	Description of Exhibit	Sequentially Numbered Page
11.1	Statement re: computation of per share earnings for the three months ended September 30, 1996 and 1997, filed herewith.	21
11.2	Statement re: computation of per share earnings for the nine months ended September 30, 1996 and 1997, filed herewith.	22
27	Financial data schedule	23

EXHIBIT 11.1

LOMAK PETROLEUM, INC. AND SUBSIDIARIES

Computation of Earnings Per Common
and Common Equivalent Shares
(In thousands, except per share data)

	Three Months Ended September 30,	
	1996	1997
Average shares outstanding	14,674	20,379
Net effect of conversion of warrants and stock options	484	582
Total primary and fully diluted shares	15,158	20,961
Net income	$ 2,719	$ 2,809
Less preferred stock dividends	(584)	(584)
Net income applicable to common shares	$ 2,135	$ 2,225
Earnings per common share	$ .14	$ .11

EXHIBIT 11.2

LOMAK PETROLEUM, INC. AND SUBSIDIARIES

Computation of Earnings Per Common
and Common Equivalent Shares
(In thousands, except per share data)

	Nine Months Ended September 30,	
	1996	1997
Average shares outstanding	14,190	19,227
Net effect of conversion of warrants and stock options	425	1,150
Total primary and fully diluted shares	14,615	20,377
Net income	$ 8,103	$ 11,740
Less preferred stock dividends	(1,870)	(1,752)
Net income applicable to common shares	$ 6,233	$ 9,988
Earnings per common share	$ .43	$ .49

5
1,000

9-MOS
DEC-31-1997
JAN-01-1997
SEP-30-1997
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.49