

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K
ANNUAL REPORT
PURSUANT TO SECTION 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

- [x] ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934.
For the fiscal year ended December 31, 1997
- [] TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the transition period from _____ To _____

Commission File No. 1-13179

- A. Full title of the Plan and the address of Plan, if different from
that of the issuer named below:

BW/IP INTERNATIONAL, INC.
CAPITAL ACCUMULATION PLAN

- B. Name of issuer of the securities held pursuant to the Plan and the
address of its principal executive office.

FLOWSERVE CORPORATION
222 West Las Colinas Boulevard
Suite 1500
Irving, TX 75039

BW/IP International, Inc.
Capital Accumulation Plan

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SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the Committee administering the Plan has duly caused this Annual Report to be signed on its behalf by the undersigned hereto duly authorized.

BW/IP International, Inc.
Capital Accumulation Plan

Date: June 26, 1998

/s/ Renee Hornbaker

Renee Hornbaker
Vice President and Chief Financial Officer

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CONSENT OF ERNST & YOUNG LLP INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-50667) pertaining to the BW/IP International, Inc. Capital Accumulation Plan of our report dated June 5, 1998, with respect to the financial statements and schedules of the BW/IP International, Inc. Capital Accumulation Plan included in this Annual Report (Form 11-K) for the year ended December 31, 1997.

/s/ ERNST & YOUNG

Dallas, Texas
June 26, 1998

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CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-50667) of Flowserve Corporation of our report (relating to the BW/IP International, Inc. Capital Accumulation Plan) dated June 25, 1997 appearing on page 7 of the Annual Report of the BW/IP International, Inc. Capital Accumulation Plan on Form 11-K for the year ended December 31, 1997.

/s/ Price Waterhouse LLP
Price Waterhouse LLP
Los Angeles, California
June 26, 1998

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Report of Ernst & Young LLP Independent Auditors

The Participants and Administrative Committee of
BW/IP International, Inc. Capital Accumulation Plan

We have audited the accompanying statement of net assets available for plan benefits of BW/IP International, Inc. Capital Accumulation Plan (the Plan) as of December 31, 1997, and the related statement of changes in net assets available for plan benefits for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statement of the Plan for the year ended December 31, 1996, were audited by other auditors whose report dated June 25, 1997, expressed an unqualified opinion on that statement.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan at December 31, 1997, and the changes in net assets available for plan benefits for the year then ended, in conformity with generally accepted accounting principles.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedules of assets held for investments purposes as of December 31, 1997, and reportable transactions for the year then ended, are presented for purposes of complying with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, and are not a required part of the financial statements. The Fund Information in the statement of net assets available for plan benefits as of December 31, 1997 and the statement of changes in net assets available for plan benefits for the year then ended is presented for purposes of additional analysis rather than to present the net assets available for benefits and changes in net assets available for benefits of each fund. The supplemental schedules and Fund Information have been subjected to the auditing procedures applied in our audit of the 1997 financial statements and, in our opinion, are fairly stated in all material respects in relation to the 1997 financial statements taken as a whole.

/s/ ERNST & YOUNG

Dallas, Texas
June 5, 1998

REPORT OF INDEPENDENT ACCOUNTANTS

To the Participants and
Administrative Committee of the
BW/IP International, Inc.
Capital Accumulation Plan

In our opinion, the accompanying statement of net assets available for plan benefits presents fairly, in all material respects, the net assets available for plan benefits of the BW/IP International, Inc. Capital Accumulation Plan (the Plan) at December 31, 1996, in conformity with generally accepted accounting principles. This financial statement is the responsibility of the Plan's Administrative Committee; our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit of this statement in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the Plan's Administrative Committee, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for the opinion expressed above.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The Fund Information in the statement of net assets available for plan benefits is presented for purposes of additional analysis rather than to present the net assets available for plan benefits of each fund. The Fund Information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated in all material respects in relation to the basic financial statement taken as a whole.

/s/ Price Waterhouse LLP

Price Waterhouse LLP
Los Angeles, California
June 25, 1997

BW/IP International, Inc.
Capital Accumulation Plan

Statements of Net Assets Available for Plan Benefits
with Fund Information

December 31, 1997

	NON-PARTICIPANT DIRECTED	PARTICIPANT DIRECTED	
	COMPANY STOCK FUND	COMPANY STOCK FUND	EQUITY INDEX TRUST FUND
ASSETS			
Investments at fair value:			
Cash and cash equivalents	--	--	--
Common stock	\$ 6,382,225	\$ 6,419,140	--
Registered investment companies	--	--	\$ 1,983,364

Group Annuity Contracts with insurance companies, at contract value	--	--	--
Participant loans	--	--	--
	-----	-----	-----
	6,382,225	6,419,140	1,983,364
RECEIVABLES:			
Participant contributions	--	6,720	862
Employer contributions	1,081,223	--	--
Interest and dividends	--	--	--
	-----	-----	-----
	1,081,223	6,720	862
	-----	-----	-----
Net assets available for benefits	\$ 7,463,448	\$ 6,425,860	\$ 1,984,226
	=====	=====	=====

PARTICIPANT DIRECTED

	-----	-----	-----
	STABLE VALUE FUND	MFS TOTAL RETURN FUND	GROWTH FUND
	-----	-----	-----
ASSETS			
Investments at fair value:			
Cash and cash equivalents	--	--	--
Common stock	--	--	--
Registered investment companies	\$16,107,061	\$ 9,534,041	\$ 4,355,937
Group Annuity Contracts with insurance companies, at contract value	17,192,682	--	--
Participant loans	--	--	--
	-----	-----	-----
	33,299,743	9,534,041	4,355,937
RECEIVABLES:			
Participant contributions	8,083	5,537	2,563
Employer contributions	--	--	--
Interest and dividends	--	--	--
	-----	-----	-----
	8,083	5,537	2,563
	-----	-----	-----
Net assets available for benefits	\$33,307,826	\$ 9,539,578	\$ 4,358,500
	=====	=====	=====

See accompanying notes.

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BW/IP International, Inc.
Capital Accumulation Plan

Statements of Net Assets Available for Plan Benefits
with Fund Information

December 31, 1997

	-----	-----	-----
	AIM CONSTELLATION FUND	IVY INTERNATIONAL FUND	MAGELLAN FUND
	-----	-----	-----
ASSETS			
Investments at fair value:			
Cash and cash equivalents	--	--	\$20,780
Common stock	--	--	--
Registered investment companies	\$ 1,397,023	\$ 1,070,337	35,831,884

Group Annuity Contracts with insurance companies, at contract value	--	--	--
Participant loans	--	--	--
	-----	-----	-----
	1,397,023	1,070,337	35,852,664
RECEIVABLES:			
Participant contributions	1,267	774	13,844
Employer contributions	--	--	--
Interest and dividends	--	--	11,435
	-----	-----	-----
	1,267	774	25,279
	-----	-----	-----
Net assets available for benefits	\$ 1,398,290	\$ 1,071,111	\$ 35,877,943
	=====	=====	=====

	PARTICIPANT DIRECTED		
	-----	-----	-----
	MERRILL LYNCH BASIC		
	VALUE FUND	LOAN FUND	TOTAL
	-----	-----	-----
ASSETS			
Investments at fair value:			
Cash and cash equivalents	--	--	\$20,780
Common stock	--	--	12,801,365
Registered investment companies	\$ 2,426,701	--	72,706,348
Group Annuity Contracts with insurance companies, at contract value	--	--	17,192,682
Participant loans	--	\$ 3,429,561	3,429,561
	-----	-----	-----
	2,426,701	3,429,561	106,150,736
RECEIVABLES:			
Participant contributions	906	--	40,556
Employer contributions	--	--	1,081,223
Interest and dividends	--	--	11,435
	-----	-----	-----
	906	--	1,133,214
	-----	-----	-----
Net assets available for benefits	\$ 2,427,607	\$ 3,429,561	\$107,283,950
	=====	=====	=====
See accompanying notes.			

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BW/IP International, Inc.
Capital Accumulation Plan

Statements of Net Assets Available for Plan Benefits
with Fund Information

December 31, 1996

	NON-PARTICIPANT DIRECTED		
	-----	-----	-----
	COMPANY	COMPANY	STABLE
	STOCK FUND	STOCK FUND	VALUE FUND
	-----	-----	-----
ASSETS			
Investments at fair value:			
Cash and cash equivalents	\$ 9,464	\$ 10,545	\$ 501,037
Common stock	4,278,238	4,754,588	--
Registered investment companies	--	--	9,342,843
Group Annuity Contracts with			

insurance companies,			
at contract value	--	--	23,706,389
Participant loans	--	--	--
	-----	-----	-----
	4,287,702	4,765,133	33,550,269
RECEIVABLES:			
Participant	--	66,557	79,394
contributions			
Employer contributions	373,320	--	--
Interest and dividends	28,000	29,025	1,762
	-----	-----	-----
	401,320	95,582	81,156
	-----	-----	-----
Net assets available for			
benefits	\$ 4,689,022	\$ 4,860,715	\$33,631,425
	=====	=====	=====

See accompanying notes.

	PARTICIPANT DIRECTED			

	BALANCED	MAGELLAN	LOAN	
	FUND	FUND	FUND	TOTAL

ASSETS				
Investments at fair				
value:				
Cash and cash	\$ 9,599,074	\$ 20,000	\$ 30,094	\$10,170,214
equivalents				
Common stock	--	--	--	9,032,826
Registered				
investment	--	32,670,829	--	42,013,672
companies				
Group Annuity				
Contracts with				
insurance companies,				
at contract value	--	--	--	23,706,389
Participant loans	--	--	3,027,035	3,027,035
	-----	-----	-----	-----
	9,599,074	32,690,829	3,057,129	87,950,136
RECEIVABLES:				
Participant	55,384	161,183	--	362,518
contributions				
Employer contributions	--	--	--	373,320
Interest and dividends	94	304	79	59,264
	-----	-----	-----	-----
	55,478	161,487	79	795,102
	-----	-----	-----	-----
Net assets available for				
benefits	\$ 9,654,552	\$32,852,316	\$ 3,057,208	\$88,745,238
	=====	=====	=====	=====

See accompanying notes.

BW/IP International, Inc.
Capital Accumulation Plan

Statement of Changes in Net Assets Available for Plan Benefits
with Fund Information

Year Ended December 31, 1997

	FUND	FUND	FUND
	-----	-----	-----
Additions (deductions) in net assets available for plan benefits:			
Interest and dividends	\$ 131,566	\$ 189,327	\$ 4,498
Net appreciation in fair value of investments	916,996	948,126	266,297
Contributions by participants	--	1,035,224	132,762
Contributions by employer	1,902,036	--	--
Net loan activity	--	(22,489)	(48,266)
Benefit payments to participants	(214,253)	(233,315)	(8,444)
Administrative Expenses	(440)	(2,241)	(294)
	-----	-----	-----
Net increase prior to interfund transfers	2,735,905	1,914,632	346,553
Interfund transfers	38,521	(349,487)	1,637,673
	-----	-----	-----
Net increase (decrease)	2,774,426	1,565,145	1,984,226
Net assets available for plan benefits:			
Beginning of year	4,689,022	4,860,715	--
	-----	-----	-----
End of year	\$7,463,448	\$6,425,860	\$1,984,226
	=====	=====	=====

See accompanying notes.

	STABLE VALUE FUND	MFS TOTAL RETURN FUND	GROWTH FUND
	-----	-----	-----
Additions (deductions) in net assets available for plan benefits:			
Interest and dividends	\$ 2,315,427	\$ 1,130,243	\$ 324,702
Net appreciation in fair value of investments	84,592	737,672	87,443
Contributions by participants	1,245,121	853,006	394,786
Contributions by employer	--	--	--
Net loan activity	(215,315)	(85,628)	(24,367)
Benefit payments to participants	(2,548,255)	(443,032)	(50,565)
Administrative Expenses	(3,665)	(1,594)	(527)
	-----	-----	-----
Net increase prior to interfund transfers	877,905	2,190,667	731,472
Interfund transfers	(1,201,504)	7,348,911	3,627,028
	-----	-----	-----
Net increase (decrease)	(323,599)	9,539,578	4,358,500
Net assets available for plan benefits:			
Beginning of year	33,631,425	--	--
	-----	-----	-----
End of year	\$ 33,307,826	\$ 9,539,578	\$ 4,358,500
	=====	=====	=====

See accompanying notes.

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BW/IP International, Inc.
Capital Accumulation Plan

Statement of Changes in Net Assets Available for Plan Benefits
with Fund Information

Year ended December 31, 1997

	NON-PARTICIPANT DIRECTED		
	-----	-----	-----
	AIM CONSTELLATION FUND	IVY INTERNATIONAL FUND	MAGELLAN FUND
	-----	-----	-----
Additions (deductions) in net assets available for plan benefits:			
Interest and dividends	\$ 125,302	\$ 17,588	\$ 2,496,941
Net appreciation in fair value of investments	47,475	13,313	5,269,747
Contributions by participants	195,120	119,167	2,132,537
Contributions by employer	--	--	--
Net loan activity	(1,637)	(22,293)	75,353
Benefit payments to participants	(16,948)	(63,998)	(1,360,629)
Administrative expenses	(90)	(151)	(4,643)
	-----	-----	-----
Net increase prior to interfund transfers	349,222	63,626	8,609,306
Interfund transfers	1,049,068	1,007,485	(5,583,679)
	-----	-----	-----

Net increase (decrease)	1,398,290	1,071,111	3,025,627
Net assets available for plan benefits:			
Beginning of year	--	--	32,852,316
End of year	\$ 1,398,290	\$1,071,111	\$ 35,877,943

See accompanying notes.

PARTICIPANT DIRECTED				
	MERRILL LYNCH BASIC VALUE FUND	BALANCED FUND	LOAN FUND	TOTAL
Additions (deductions) in net assets available for plan benefits:				
Interest and dividends	\$ 161,975	--	--	\$ 6,897,569
Net appreciation in fair value of investments	153,817	--	--	8,525,478
Contributions by participants	139,730	--	--	6,247,453
Contributions by employer	--	--	--	1,902,036
Net loan activity	(27,711)	--	\$ 372,353	--
Benefit payments to participants	(80,526)	--	--	(5,019,965)
Administrative expenses	(214)	--	--	(13,859)
Net increase prior to interfund transfers	347,071	--	372,353	18,538,712
Interfund transfers	2,080,536	\$ (9,654,552)	--	--
Net increase (decrease)	2,427,607	(9,654,552)	372,353	18,538,712
Net assets available for plan benefits:				
Beginning of year	--	9,654,552	3,057,208	88,745,238
End of year	\$2,427,607	\$ --	\$3,429,561	\$107,283,950

See accompanying notes.

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BW/IP International, Inc.
Capital Accumulation Plan

Notes to Financial Statements

December 31, 1997

1. DESCRIPTION OF THE PLAN

GENERAL

The BW/IP International, Inc. Capital Accumulation Plan (the Plan), is a defined contribution plan covering certain U.S. employees of BW/IP International, Inc. (the Company or Plan Sponsor). An employee is eligible to participate in the Plan on the first day of the calendar month following the completion of three calendar months of employment commencing on his date of hire by the Company. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

On July 22, 1997, the Company merged with Durco International, Inc. and formed Flowserve Corporation (Flowserve).

On January 2, 1997, the Plan's Trustee and recordkeeper were changed from the Northern Trust Company and William M. Mercer, Inc., respectively, to Merrill Lynch Trust Company of California and Merrill Lynch, Pierce, Fenner & Smith, Incorporated, respectively.

The Plan is administered by an Administrative Committee consisting of at least three persons appointed by the Board of Directors of the Company.

CONTRIBUTIONS

Participant contributions to the Plan are based upon a percentage of gross pay as designated by each participant. Participants may contribute up to 16% of their eligible earnings on a pre-tax or after-tax basis. Contributions made by participants are invested based on each participant's election.

The Company makes matching contributions of 25% of the first 6% of a participant's contributions. The Company may make an additional matching

contribution of up to 75% of the first 2% of a participant's contribution, based upon the company's performance during the year. The Company's matching contributions are made in shares of common stock of the Company and cannot be transferred to any other investment fund options within the Plan.

PARTICIPANTS' ACCOUNTS

Each participant's account is credited with the participant's contributions and allocations of the Company's matching contributions and Plan earnings, and charged with an allocation of administrative expenses. Allocations of earnings are based on participant earnings or account balances, as defined.

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BW/IP International, Inc.
Capital Accumulation Plan

Notes to Financial Statements(continued)

1. DESCRIPTION OF THE PLAN (CONTINUED)

VESTING

All participant and Company contributions are fully vested at all times.

BENEFIT PAYMENTS AND PARTICIPANT LOANS

Participants or beneficiaries may elect to withdraw benefits upon termination of employment, retirement, permanent disability, or death. Other withdrawals and loans from the Plan can be made under certain circumstances. Participants may generally borrow up to the lesser of 50% of their vested balance or \$50,000 for terms ranging from 1 - 15 years and bear interest at rates ranging from 6.7% to 10.0%. The loans are collateralized by the participant's interest in the Plan.

PLAN TERMINATION

Although it has not expressed any intention to do so, the Company has the right, under the terms of the Plan, to terminate the Plan subject to ERISA provisions. In the event the Plan is terminated, the accounts of participants will be distributed within the guidelines of distribution provided for in the Plan agreement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

INVESTMENT INCOME

Interest and dividend income are recorded as earned. The net appreciation or depreciation in the fair value of investments comprises realized gains or losses and unrealized appreciation or depreciation of investments.

PAYMENT OF BENEFITS

Benefit payments to participants are recorded upon distribution.

CASH AND CASH EQUIVALENTS

For reporting purposes, the Plan's Administrative Committee considers all short-term highly liquid investments with maturities of three months or less at the date of acquisition to be cash equivalents.

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BW/IP International, Inc.

Capital Accumulation Plan

Notes to Financial Statements (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

INVESTMENT VALUATION

Cash and cash equivalents are recorded at cost which approximates fair value. Investments in common stock are stated at fair value. Investments in registered investment companies are stated at net asset value. The carrying amounts of investments in common stock and registered investment companies approximate fair value based upon quoted market prices.

Group Annuity Contracts (GAC), with the exception of the Executive Life GAC (see Note 4), are stated at contract value. The carrying values of Group Annuity Contracts approximate fair value based upon current rates offered to the Company for investments of the same remaining maturity. Participant loans are stated at cost which approximates fair value.

RECLASSIFICATION

Certain prior year amounts have been reclassified to conform to the current year presentation.

3. INVESTMENT OPTIONS

Plan participants may choose among the following investment options for 1997:

Company Stock Fund - This fund is primarily comprised of shares of Company common stock. Previously held BW/IP, Inc. shares were converted to Flowserve Corporation common stock in 1997.

Merrill Lynch Equity Index Trust Fund - The trust seeks to approximate the total return of the Standard and Poor's 500 Composite Stock Price Index.

Stable Value Fund - The Fund's primary objective is to provide a fixed rate of return while preserving principal. The fund invests in Group Annuity Contracts issued by insurance companies (see Note 4) and the Merrill Lynch Retirement Preservation Trust valued at \$16,107,061 and \$9,342,843 at December 31, 1997 and 1996, respectively.

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3. INVESTMENT OPTIONS (CONTINUED)

MFS Total Return Fund - The Fund's objective is to earn above average current income, compared to a portfolio invested entirely in equity securities, consistent with the prudent employment of capital. The fund also seeks reasonable opportunities for growth of capital and income.

Merrill Lynch Growth Fund - The Fund seeks to invest in equity securities, placing principal emphasis on those securities that Fund management believes are undervalued. The Fund may invest up to 40% of its total assets in foreign securities.

AIM Constellation Fund - The Fund's objective is to seek long-term growth of capital by investing in securities of primarily small and medium sized companies that Fund management believes have demonstrated superior earnings growth.

Ivy International Fund - The Fund primarily seeks long-term capital growth with current income as a secondary consideration.

Fidelity Magellan Fund - The Fund seeks capital appreciation by investing primarily in common stock and securities convertible into common stock.

Merrill Lynch Basic Value Fund - The Fund seeks capital appreciation and, secondarily, income by investing in securities, primarily equities, that Fund management believes are undervalued.

In 1996, participants could elect to participate in the Fidelity Magellan fund, the Stable Value Fund and the Balanced Fund (Vanguard's Wellesley Income Fund) in addition to the Company Stock Fund discussed above.

4. GROUP ANNUITY CONTRACTS WITH INSURANCE COMPANIES

In 1994 and 1995 the Plan entered into investment contracts with Commonwealth Life Insurance Company, New York Life Insurance Company, John Hancock Mutual Life Insurance Company, Continental Assurance Company, and Principal Mutual Life Insurance Company. The contracts are credited with earnings on the underlying investments and charged for Plan withdrawals and administrative expenses. The contracts are fully benefit responsive. There are no reserves against contract value for credit risk of the contract issuer or otherwise. The average yield and crediting interest rates range between 6.28% to 7.15% for 1997 and 1996. (The contract with Principal Mutual Life Insurance Company was valued at \$6,363,937 and \$5,945,055 at December 31, 1997 and 1996, respectively and the contract with CNA Insurance Company was valued at \$3,117,772 and \$5,833,062 at December 31, 1997 and 1996, respectively.)

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BW/IP International, Inc.
Capital Accumulation Plan

Notes to Financial Statements (continued)

4. GROUP ANNUITY CONTRACTS WITH INSURANCE COMPANIES (CONTINUED)

In 1990, the Company entered into an investment contract with Executive Life Insurance Company. In 1991, Executive Life Insurance Company was placed in conservatorship at which point the contract was frozen. From 1991 through 1996, the carrying value of the contract was written down in accordance with management's estimate of expected receipts under the contract and payments plus interest were received on the contract. In April 1997, \$562,831 was received which was in excess of the contract's adjusted carrying value.

5. TAX STATUS

The Internal Revenue Service has determined and informed the Company by a letter dated March 26, 1998, that the Plan and related trust are designed in accordance with applicable sections of the Internal Revenue Code (IRC). The Plan has been amended since receiving the determination letter. However, the Plan administrator believes that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

6. ADMINISTRATIVE EXPENSES

Expenses incurred by the Plan for accounting and administration are borne by the Company. Such expenses amounted to approximately \$166,000 and \$276,000 for the plan years ended December 31, 1997 and 1996.

7. YEAR 2000 ISSUE (UNAUDITED)

The Plan Sponsor has developed a plan to modify its internal information technology to be ready for the year 2000 and has begun converting critical data processing systems. The project also includes determining whether third party service providers have reasonable plans in place to become year 2000 compliant. The Plan Sponsor currently expects the project to be substantially complete by early 1999. The Plan Sponsor does not expect this project to have a significant effect on plan operations.

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BW/IP International, Inc.
Capital Accumulation Plan

Line 27a - Schedule of Assets Held for Investment Purposes

December 31, 1997

IDENTITY OF ISSUER, BORROWER, LESSOR, OR SIMILAR PARTY	DESCRIPTION OF INVESTMENT, INCLUDING MATURITY DATE, RATE OF INTEREST, COLLATERAL, PAR OR MATURITY VALUE

Investment companies:	
MFS Total Return Fund	602,657 shares
Merrill Lynch Growth Fund*	152,040 shares
AIM Equity Index Constellation Fund	52,958 shares
Ivy International Fund	27,423 shares
Fidelity Magellan Fund, Inc.	376,109 shares
Merrill Lynch Basic Value Fund*	65,445 shares
Merrill Lynch Retirement Preservation Trust*	16,107,061 shares
Total investment companies	
U.S. corporation common stock	
Flowserve Corporation*	458,223 shares, common stock, \$ 1.25 par value
Contracts with insurance companies:	
Executive Life Insurance Company	Group Annuity Contract, 10.01% annual rate, maturity 6/30/92
Commonwealth Life Insurance Company	Group Annuity Contract, 6.83% annual rate, maturity 9/30/98
New York Life Insurance Company	Group Annuity Contract, 6.30% annual rate, maturity 9/30/99
John Hancock Insurance Company	Group Annuity Contract, 6.28% annual rate, maturity 9/30/99
CNA Insurance Company	Group Annuity Contract, 6.90% annual rate, maturity 3/31/98
Principal Mutual Life Insurance Company	Group Annuity Contract, 7.15% annual rate, maturity 3/31/99
Total contracts with insurance companies	
Cash equivalents	
CMA Money Fund	20,780 shares
Participant loans:	
Participant loans*	Loans to Plan participants, interest rates ranging from 6.7% to 10.0% per annum, maturity dates ranging from April 1998 to December 2012 collateralized by vested interest in individual plan accounts
Collective Trusts:	
Merrill Lynch Equity Index Trust	30,338 shares

	COST	CURRENT VALUE
	-----	-----
Investment companies:		
MFS Total Return Fund	\$ 9,048,136	\$ 9,534,041
Merrill Lynch Growth Fund*	4,324,708	4,355,937
AIM Equity Index Constellation Fund	1,403,695	1,397,023
Ivy International Fund	1,090,538	1,070,337
Fidelity Magellan Fund, Inc.	30,915,240	35,831,884
Merrill Lynch Basic Value Fund*	2,294,110	2,426,701
Merrill Lynch Retirement Preservation Trust*	16,107,061	16,107,061
	-----	-----
Total investment companies	65,183,488	70,722,984
	-----	-----
U.S. corporation common stock		
Flowserve Corporation*	12,389,128	12,801,365
Contracts with insurance companies:		
Executive Life Insurance Company	595,887	--
Commonwealth Life Insurance Company	3,111,583	3,111,583
New York Life Insurance Company	2,305,736	2,305,736
John Hancock Insurance Company	2,293,654	2,293,654
CNA Insurance Company	3,117,772	3,117,772
Principal Mutual Life Insurance Company	6,363,937	6,363,937
	-----	-----
Total contracts with insurance companies	17,788,569	17,192,682
	-----	-----
Cash equivalents		
CMA Money Fund	20,780	20,780
Participant loans:		
Participant loans*	--	3,429,561
Collective Trusts:		
Merrill Lynch Equity Index Trust	1,727,647	1,983,364
	-----	-----
	\$ 97,109,612	\$106,150,736
	=====	=====

* Party-in-interest

BW/IP International, Inc.
Capital Accumulation Plan
Line 27d - Schedule of Reportable Transactions

Year ended December 31, 1997

IDENTITY OF PARTY INVOLVED	DESCRIPTION OF ASSET	PURCHASE PRICE	SELLING PRICE	LEASE RENTAL	EXPENSE INCURRED WITH TRANSACTION
Category (i) - Individual security transactions in excess of 5% of January 1, 1997 Plan assets					
Merrill Lynch *	MSF Total Return Fund	\$ 9,667,687	--	--	--
Northern Trust	COLTV Short-Term Investment Fund	--	\$ 9,599,074	--	--
Category (iii) - Series of security transactions in excess of 5% of January 1, 1997 Plan assets					
Flowserve Corporation*	Flowserve Common Stock	\$ 4,226,242	--	--	--
Flowserve Corporation*	Flowserve Common Stock	--	2,297,496	--	--
Merrill Lynch *	MFS Total Return Fund	22,161,936	--	--	--
Merrill Lynch *	MFS Total Return Fund	--	13,282,981	--	--
Merrill Lynch *	Merrill Lynch Growth Fund	4,952,445	--	--	--
Merrill Lynch *	Merrill Lynch Growth Fund	--	683,514	--	--
Merrill Lynch *	Fidelity Magellan Fund, Inc.	5,546,215	--	--	--
Merrill Lynch *	Fidelity Magellan Fund, Inc.	--	8,066,732	--	--
CURRENT VALUE OF ASSET					
	COST OF ASSET	TRANSACTION DATE	NET GAIN OR (LOSS)		
Category (i) - Individual security transactions in excess of 5% of January 1, 1997 Plan assets					
Merrill Lynch *	\$ 9,667,687	\$ 9,667,687	--		
Northern Trust	9,599,074	9,599,074	--		
Category (iii) - Series of security transactions in excess of 5% of January 1, 1997 Plan assets					
Flowserve Corporation*	\$ 4,226,242	\$ 4,226,242	--		
Flowserve Corporation*	2,042,653	2,297,496	254,843		
Merrill Lynch *	22,161,936	22,161,936	--		
Merrill Lynch *	13,045,829	13,282,981	237,152		
Merrill Lynch *	4,952,445	4,952,445	--		
Merrill Lynch *	627,737	683,514	55,777		
Merrill Lynch *	5,546,215	5,596,215	--		
Merrill Lynch *	7,539,977	8,066,732	526,755		

* Party-in-interest

There were no category (ii) or (iv) reportable transactions.